



Business and the law

The week in Luxembourg and why the UK is so expensive

Aircraft leasing

GPA's struggle to raise funds

Page 19



Matrix Churchill Anatomy of a

shambles





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Pound falls

1.52 2 Nov 9

as calls

for rate

cut grow

and Our Economics Staff

By Michael Cassell in Harrogate

MOUNTING PRESSURE on the

British government to expand the

economy and to cut interest rates

FINANCIAL TIMES

Europe's Business Newspaper

policy to Iraq under scrutiny

The British government faced calls for an inquiry into its policy of selling defence equipment to Iraq in the run-up to the Gulf war after the trial of three directors of machine tool exporter Matrix Churchill collapsed. They had been charged with breaching export controls. It was claimed that four ministers in the Margaret Thatcher government were involved in a "secret policy" to promote British exports of defence-related equipment to Saddam Hussein's regime. Page 18

RVI likely to shed Jobs: Government-owned French truckmaker Renault Véhicules Industriels is expected shortly to announce up to 2,500 job losses - nearly 15 per cent of the workforce, emphasising the depth of recession in the world truck industry. Page 19



Five people died and hurt when explosions believed caused by a gas leak, ripped through the Le Mede oil refinery (left) near Marseilles in southern France. More than

hours to put out the fire which followed. The refinery is the second largest owned by French oil company

Black takes Southam stake: Conrad Black. Canadian proprietor of Britain's Daily Telegraph newspaper, has become the largest single shareholder in Southam, Canada's biggest newspape chain, by agreeing to buy for C\$259m (US\$208.8m) a 23 per cent stake previously held by Torstar, another Canadian publishing group.

Continental deal: Continental Airlines, US carrier operating under Chapter 11 of the US bankruptcy code, accepted a \$450m investment proposal from Air Canada, larger of the two main Canadian carriers. Page 19

ICI invests in Talwan: Britain's biggest manufacturer, Imperial Chemical Industries, opened a £150m (\$232m) plant in Taiwan to produce terephthalic acid, which is used to manufacture polyester for textiles, bottles and films. The facility is the biggest investment in Taiwan by a foreign

Hong Kong reforms condemned: A group of prominent Hong Kong business people called on governor Chris Patten to drop proposals for democratic reform in the colony. Page 18

Chevron to lose 1,500 staff: Chevron Corp of San Francisco is to shed 1,000 jobs at its headquarters, to save \$200m a year, and a further 500 at its information technology unit.

Satellite contract for Russia: Inmarsat, a 65-nation international co-operative, awarded Russia its first contract — worth \$36m — to place a western-built satellite in orbit. Page 18

Treaty signed: UK prime minister John Major and Russian president Boris Yeltsin buried the legacy of cold war suspicion, pledging a new era of co-operation and signing the first comprehensive treaty between the two countries for two centuries.

Big advance at Rellance: Past-growing Indian chemicals and textiles conglomerate Reliance industries reported a 119 per cent rise in sixth-month net profits to Ral. 82hn (\$64m), due to rising sales and higher earnings from financial investments. Page 21

Tokyo budget delayed: Japan's supplementary budget, planned to prevent the economy falling into recession, was delayed when the ruling Liberal Democratic party failed to agree a timetable for discussion with the main opposition parties. Page 5

Bad news for Irish PM: The first opinion poll of the Irish election campaign showed voter satisfaction with the government at 23 per cent. The personal rating of prime minister Albert Reynolds has dropped 20 percentage points in two weeks to 30 per cent. Page 2

Crackdown on guerrillas: Colombia's. government said it would cancel contracts with companies which paid protection money to the country's guerrilla groups. Some 17,000 people have died in four years of political violence.

STOCK MARKET INDICES

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UK defence sales | Gatt chief Dunkel to intervene in farm subsidies dispute with US

Europe split over trade row

By David Gardner in Brussels and Frances Williams in Geneva

A FIRM Anglo-German alliance last night beat back a French move for early reprisals against the US in the looming trade war with the US.

This coincided with intervention in the dispute by Mr Arthur Dunkel, the director-general of the General Agreement on Tariffs and Trade. Mr Dunkel decided to go to Brussels and Washington within the next few days to press the EC and the US to resolve their dispute over European oilseeds subsidies and to reconvene talks on world trade liberalisation in Geneva.

At a meeting of foreign ministers in Brussels, the French urged that the EC begin prepar-ing reprisals against the US threat to levy punitive tariffs on \$300m of European exports on

Instead, a majority of ministers

negotiations with the US. Only Spain, Belgium, Portugal and Greece rallied to the French

call for a muscular response to Washington. However, most of the 12 agreed that EC counter-retaliation would be inevitable if the US goes ahead

with its sanctions after the 30-day waiting period it has set.
The EC ministers expressed "severe disappointment at US threats to withdraw, unilaterally, Gatt-bound concessions" while trade talks are still going on in Geneva. The ministers warned "that such action could only lead to a retaliatory spiral, which would damage both sides through

and lost jobs." Senior EC diplomats said last night the European Commission in Brussels would be told at its meeting tomorrow to bury its internal differences over who negotiates for the Community in

a slump in business confidence

Mr Ray MacSharry, EC agricul-

ture commissioner, last week relinquished his responsibility for negotiating the farm chapter of the Uruguay Round of trade talks because he felt Mr Jacques Delors, Commission president, was undermining him by siding

with France. Tomorrow's meeting could be a showdown between Mr Delors and Mr MacSharry.

and Mr MacSharry.

"There is urgency about getting [the talks with the US] going," a UK presidency official said. "Let us say that there will be urgent disappointment if [after Wednesday] they haven't sorted themselves out."

French officials would not be drawn formally on whether Mr MacSharry had exceeded his mandate - as Paris and Mr Delors have claimed - in the deal he was close to reaching at last week's ultimately abortive

negotiations in Chicago. Mr Bruno Durieux, French

any further than the effort demanded [in farm subsidy cuts] by the reform of the Common

Agricultural Policy."
Mr MacSharry maintains he has kept within the CAP reform's projected cutbacks in subsidised food exports. But Mr Durleux said yesterday this remains "to be confirmed."

The Commission vesterday undertook to demonstrate whether the price and production cuts the 12 agreed in May for the CAP reform fit within any even-tual Gatt deal.

Mr Dunkel's intervention came after ambassadors to Gatt made clear at an informal meeting with him yesterday that they wanted him to talk to the two trading

powers urgently. At today's emergency meeting of the Trade Negotiations Committee, the top-level supervisory body for the Uruguay Round of trade liberalisation talks, Mr Dunkel is expected to be given a

talks restarted.

The hope is that this will trading blocs to come to terms over oilseeds before the US-imposed sanctions deadline of December 5 and, if necessary, bring their broader dispute over farm subsidies back into the scope of the multilateral negotia-

tions.

The breakdown of the US-EC farm subsidy talks in Chicago last week and subsequent fureats of an escalating trade war have infuriated other countries involved in the 108-nation Uruguay Round

Trade officials in Geneva yesterday expressed bitterness that the US and EC had failed to take the necessary political decisions to resolve their differences and pave the way for a successful

Background, Page 4

unleashed speculative selling of sterling yesterday, pushing the pound down to a five-year low

against the dollar. As UK industry leaders urged the government to ease off its fight against inflation in favour of immediate action to bring the economy out of recession, dealers sold pounds in the belief that base rates could be cut by as much as 2 percentage points later this week.
On the UK money market, trad-

ers priced a full percentage point cut in base rates - from 8 per cent - into their cash market operations. Three-month money, which often acts as a beliwether of base rate trends, closed around 7 per cent, down from 7% per cent on Friday.

As hopes of a cut in borrowing costs grew, sterling fell by nearly two cents to a close of \$1.5210 in London. It is understood, how-ever, that Mr Norman Lomont, the chancellor of the exchequer is not contemplating the radical step of a 2 point base rate cut.

He has let it be known that that the government might order an immediate cut in base rates to i per cent are "not realistic". At the annual conference of the

Confederation of British Industry, the employers' association, delegates maintained pressure on ministers to unveil a detailed plan for economic recovery. On

> Continued on Page 18 Paying off debt, Page 8 Lex, Page 18 Currencies, Page 36

trade minister, said "we do not want the Gatt agreement to go UK prime minister criticised over failure to ratify European union treaty Mitterrand attacks UK delay over Maastricht

But he avoided giving a final date for wrapping up the treaty in the House of Commons. The French president, in a television interview, said that he would be content to give the UK govern-ment "a delay of a few weeks" after January I, 1993 - the original target date for treaty ratifica-"but not more".

Expressing confidence that 10 countries would ratify the European union treaty by the end of the year, Mr Mitterrand said if

to delay British ratification until Lionel Barber in Brussels after Denmark had held a second PRESIDENT François Mitterrand referendum on the issue in May strongly attacked Prime Minister John Major last night for delayat the earliest. The French president's strong stance bodes trouble for Mr ing Britain's decision on ratification of Maastricht until well into Major at next month's Edinburgh summit, though Mr Mitterrand said in his television interview last night, that he still thought the UK leader would "stick to his His unusually strong assault came as British and Danish ministers met with limited success in Brussels in efforts to soothe the nerves of EC partners who are Clearly hoping for a further alarmed over the future of the change of tack on the UK prime minister's part, Mr Mitterrand said "one should not prejudge the ustricht treaty Mr Douglas Hurd, Britain's foreign secretary, asked other EC final decision of Mr Major, who only a short time ago seemed to say that Britain would deliver its ministers to take in good faith the UK's goal of speedy ratifica-

verdict before January 1." "I judge it [the UK delay] badly," said the French presi-dent, "but one should not be sur-prised. On all the big European agreements in recent years, we have had the same sort of difficulties with Britain." Yet, as for instance with the

1986 European Single Act, the UK

Indirectly, Mr Mitterrand was even more scathing about Denmark. For Britain to make the timing of its decision dependent on the Danes was unacceptable, because this could last as long

as the Danes would wish it".

In this circumstance, "the Danes would be masters of the decision of Europe...this is not acceptable either." he said. After the Brussels meeting, Mr Hurd said the UK's decision to delay ratification until after a second Danish referendum, likely

next May, had meet with "some anxiety, but considerable understanding. Britain's difficulties with ratification - coupled with Denmark's demands for exemptions

from the Maastricht treaty have created considerable uncertainty about the Community's Belgian and French officials

both suggested yesterday that

Continued on Page 18

MCC liquidators reject \$1.2bn offer for US business

By Raymond Snoddy

MR ROBERT BASS, the Texan billionaire whose 1988 intervention prompted Mr Robert Maxwell to increase his bid for Macmilan, is leading a new \$1.2bn offer for the US publisher and for Official Airline Guides. The two companies are the main US business of Maxwell Communication

Douglas Hurd: no final date for UK approval of treaty

Price Waterhouse, the MCC administrator, has rejected the offer by Mr Bass and other investors, claiming that it can raise more money for creditors by selling the companies separately. in 1988, Mr Bass cleared an

estimated \$75m after bidding for Macmillan and then pulling out after Maxwell increased his offer to \$2.6bn. Although asset sales later recouped part of the pur-chase price, it was a "victory" that put Maxwell on the road to ruin. He paid \$750m for OAG at about the same time.

The latest offer involves \$750m in cash, with the balance coming from assuming commercial liabil-itles such as OAG preferred stock and a mortgage on Macmillan's New York headquarters. The Bass-led investment group is pushing for a direct meeting

with the steering committee of investment bank which is Price banks such as Credit Lyonnais Waterhouse's US adviser. and Chase Manhattan, which effectively own MCC, and has set a two-week deadline from November 6.

Earlier this year, Price Waterhouse said it believed the best way to raise the maximum amount of money for MCC creditors, owed around £1.5bn, was to split the business. OAG is to be sold, a process that has already begun, and the Macmillan publishing businesses

floated sometime next year. The administrators said they hoped the sale of the US businesses would bring in between \$700m and \$1.1bn net of tax and other charges. The \$1.2m Bass offer includes such commercial

Mr Alan Jamieson, joint administrator, confirmed yesterday there had been an approach from parties interested in purchasing

end of our expectations" that they were not going to be diverted from their strategy of breaking up the group.

The investor group is led by Acadia Partners, a \$1.7bn investment partnership which includes Mr Bass and Keystone, formerly the Robert M. Bass group. It includes Bain Capital, Bear Stearns and DLJ Merchant Bank-

It has committed \$200m of equity capital and Chemical Bank says it will underwrite \$300m in credit and provide working capital. DLJ and Bear Stearns have expressed confidence that the remaining \$300m needed to finalise the deal can be

Neither Acadia Partners nor Keystone would comment yesterday but they argue that delay is leading to a deterioration of the Maxwell businesses in the US. A letter to the banks also argues

The group had been allowed to state its case to J.P. Morgan, the travel information business. CONTENTS Int. Bond Service Managed Funds 32-35 Money Markets ___36

Share Information 30,31,40

released from camouflaged siles. that the market for public offer-At 16:01, Morse Computers ings in the US has softened drarelease a fact-filled but concise the whole group. The approach, Mr Jamieson said, is "so much at the bottom matically and that significant tax Executive Briefing, with I-page problems could flow from a Executive Summary for the break-up of Macmillan. Reed International, soon to really busy. become Reed Elsevier, the under bidder for OAG last time, Freephone Morse Computers recently publicly indicated that it for your copy. would put in a new bid for the

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THE FINANCIAL TIMES LIMITED 1992 No 31,910 Week No 46 P LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

German bankruptcies rise over 13 per cent

THE slowdown in the west German economy is causing an increasing number of bankruptcies in small and medium-sized companies, writes Judy Dempsey in Bonn. The failure rate reached 839 in August, a rise of 13.4 per cent over the same

month a year ago.

Over the first eight months of this year, 6.374 companies filed for bankruptcy, an increase of 12.5 per cent over the same period in 1991, while the total number of officially announced insolvency cases increased to 9,235, or 6.7 per cent, according to the Federal

Bankruptcies have spread across most sectors of the west German economy - with the services industry particularly hard hit, followed by construction. Outstanding debts of bankrupt companies total DM(1m (£400m).

■ The German finance minister, Mr Theo Walgel, said the D-Mark was under exaggerated upward pressure, Reuter reports from Bonn. In a speech prepared for delivery in Bonn, he said tight curbs in public spending would help to make lower interest rates possible. "Lower interest rates would remove the exaggerated upwards pressure on the mark. The competitive situation of our companies will also be noticeably improved as a result," he said.

Hungary again devalues forint

Hungary yesterday devalued the forint by 1.9 per cent, bringing the accumulated depreciation this year to 5.5 per cent, writes Nicholas Denton in Budavest.

The National Bank of Hungary, the central bank, ruled out further adjustments this year, despite calls for greater depreciation by export-oriented western multinational companies operat-ing in Hungary. The Bank, however, explained that its policy of maintaining a strong exchange rate would maintain downward pressure on Hungarian inflation, expected to reach 22-23 per cent

Swedish business urges tax cuts

The Federation of Swedish Industries yesterday called on the government to take further measures to haul the country's economy out of crisis, writes Christopher Brown-Humes in Stockholm. It proposed cutting taxes by SKr30hn (£3.3hn) and financing the move by a SKr50hn reduction in public expenditure.

It also asked for a further 5 per cent cut in employers' social contributions to increase industry's competitiveness. Their contributions were reduced by 5 per cent in September.

French blast kills at least five

Explosions rocked a big oil refinery near the southern French port of Marseille early yesterday, killing five people and seriously injuring one, the refinery's owners said, Reuter reports from Marseille. Eight people were on duty at the time of the blast and one was still missing, the French oil company, Total, said in a statement. The eighth person was safe. The explosions were believed to have been caused by a gas leak. More than 250 firefighters took more than three hours to bring the fire under

Paris hearing clears Bluebeard

Some 552 years after he was hanged and burned in France for 150 murders, the man who served as model for the literary Bluebeard got his day in court again yesterday - and was cleared, Reuter reports from Paris. A self-styled court, including magistrates and a former justice minister, found that Gilles de Rais, a top battlefield companion of Joan of Arc, had been wrongly convicted. The outcome of the somewhat surrealistic hearing, held in the French Senate building, prompted the court to call on the government to "re-establish historical truth" and revise school textbooks.



Jewish students take part in a march by 30,000 Italians in Rome yesterday to protest against anti-Semitism and racism. The march took place on the 54th anniversary of Kristalinacht ('night of shattering glass') that marked the start of the Nazi onslaught against German Jews in 19

Rallies mark 'Kristallnacht'

By Quentin Peel in Bonn and

ABOUT 100,000 Germans, marking the grim anniversary of a 1938 Nazi pogrom that was the harbinger of the Holocaust, staged rallies vesterday against right-wing violence, seen by Jews as a danger to German democracy.

Germany used the occasion to confirm it would pay DM975m (£395m) to Jewish vic-tims of Nazi persecution who previously received little or nothing because they had lived in former Communist bloc

Yesterday's rallies in Cologne, Dresden, Munich and other cities to commemorate the pogrom 54 years ago, named "Kristallnacht" ("night of the shattering glass) by Hit-ler's cohorts, followed Sunday's mass protest in Berlin against neo-Nazism which was disrupted by 400 anarchists who hurled eggs, vegetables and paint bombs at government ministers.

Germany reacted with dismay yesterday to the public relations disaster which resulted from Sunday's Berlin

While political leaders insisted the scale of the 300,000strong demonstration was an overwhelming statement of the country's opposition to neo-Nazl attacks on foreigners and asylum-seekers, the media saw the violent protests by leftwingers as a terrible blow to Germany's international image. The extreme left cele-

brated the event as a triumph for their tactics of "exposing the hypocrisy of the politicians", and undermining the deliberate "propaganda show" of the political establishment. The sorry end to what had

been an impressive and powerful display of national disgust for the recent rash of violent skinhead attacks on refugee hostels has unleashed a new wave of questioning over the ability of the main political parties to solve the country's acutely sensitive immigration problem. The conservative newspaper Die Welt called the outcome "a black Sunday" in a special front-page commentary. The Frankfurter Allgemeine Zeitung called it "an awful spectacle," and demanded action against the anarchists.

Irish poll gives little comfort to Reynolds

By Tim Cooke in Dublin

THE first opinion poll of the Irish election campaign yester-day did little to boost the hopes of Mr Albert Reynolds, the prime minister, of winning an absolute majority for his Fianna Fall party for the first time in 15 years. The poll showed voter satis-

faction with the government at just 23 per cent, the personal rating of Mr Reynolds dropping 20 percentage points in two weeks to 30 per cent, and only 37 per cent of voters wanting to see Flanna Fail win with an absolute majority.

The personal feud of honour between Mr Reynolds and Mr Des O'Mailey the leader of the Progressive Democrats, which brought about the coalition collapse last week, has not helped the cause of either and in the public's eye precipitated an unnecessary general election on November 25. Most voters appear to believe nei-ther leader in their differing versions of events given to a parliamentary inquiry into the beef industry, which caused the coalition split.

The most popular figure of the campaign so far is Mr Dick

Labour party, who polled a 96 per cent "satisfaction rating" against 31 per cent for Mr Reynolds, 30 per cent for Mr John Bruton, the Fine Gael leader, and 39 per cent for Mr O'Malley, according to Irish Marketing Surveys which con-

While the party leaders exchanged their first salvos of the campaign from TV and radio studios in Dublin over the weekend, it appeared that only the Labour party had got off the starting blocks in the countryside. Labour party activists could be seen canvassing Mass-goers outside churches in Mr Reynolds' own constituency of Longford. Others were out fixing freshly-

ducted the nationwide poll.

paign posters to lampposts along the main roads. Mr Bruton, launched his party's manifesto last Friday promising 16270m in tax concessions and incentives aimed at reducing the country's record jobless figures. The pro-posal was immediately attacked by Mr Bertie Ahern, the finance minister, who said that these could only be

printed Labour party cam-

by reneging on public sector pay agreements in 1993, or freezing planned social welfare

Mr Proinsias de Rossa, the leader of the socialist Democratic Left party, dismissed Mr Bruton's proposals as "shifting the deckchairs around on the Titanic"

Figure Fail has been by far the slowest off the mark and will not have its manifesto ready until the middle of the week, while Mr Bruton has already set off on a two-week nationwide tour to visit every constituency in the country to sell his message. Arguably be has a harder job, as only 23 per cent of voters appear to support Fine Gael, against 47 per cent wanting Flanns Fall either to have an absolute majority or to lead a coalition. Labour polled 15 per cent. up from 9 per cent in the 1989

elections Flanna Fail has consistently won more than 40 per cent of the vote since the 1930s. Under Ireland's single transferable vote system and multiple seat constituencies, 47 per cent could be enough to win Fianna

Showdown in Austria on issue of foreigners

By ian Rodger in Vienna

THE ROW in Austria over the government's policy towards immigrants and refugees will come to a head tomorrow when the radical Freedom Party, led by the charismatic Mr Jörg Haider, proposes the formation of a parliamentary committee to study the controversial for-

eigner issue. Mr Haider has said he will postpone until the end of the year his threat to launch a national petition to toughen immigration policy if the commission is formed. But Mr Franz Vranitzky, the chancel-lor and leader of the Democratic Socialist Party, said he would only agree to the committee being formed if the FPO cancelled its threatened petition campaign. On Sunday, Mr Vranitzky led hundreds of people in mounting a ceremonial guard at a Jewish cemetery in Risenstadt where vandals sprayed anti-Semitic slogans

"This country is the home of all who were born in it and the home of all those born elsewhere, but who live here," Mr Vranitzky said. "Whoever desecrates a cemetery, shames both

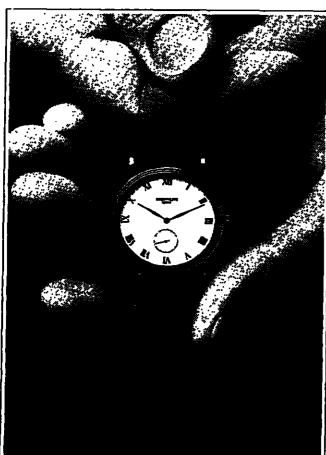
the dead and the living."
Mr Haider has outlined 12 demands, including that the government halt all immigration, expel illegal immigrants and limit the proportion of for-eigners in any school class to 30 per cent. The issue has been brought to the fore by the arrival of large numbers of refugees from former Yugoslavia.

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accelerate plans to make the single European market, due to come into force next January 1, both efficient and user-

At today's meeting of inter-nal market ministers, Mr Rich-ard Needham, UK trade minister responsible for the internal terparts with a series of ideas, including calls for:

• Commission proposals to ensure the smooth running of the market:

• regular reports on imple mentation, which might embarrass laggard member states into turning EC legislation into national law;

• greater transparency, and an improved contacts between EC members to deal with complaints and problems

Britain, the current Community president, will also suggest that an analysis of the effectiveness of the internal market should be carried out in 1996. British officials yes-terday described it as "a Cecchini report Mark Two" - a reference to the 1988 analysis of the benefits of market integration which helped underpin the Commission's single market proposals.

Some countries (said to include Spain and Italy) believe it may be too early to make such plans while member states and Brussels are still discussing subsidiarity, the principle that EC decisions should be taken at the lowest appropriate level.

The resolutions are suppo to be complementary to the recent Sutherland report on implementation, which recomsumer rights, streamlining of EC law and enforcement of directives through national courts. A fuller response to that report will be made in the first half of 1993.

Mr Peter Sutherland, the exsioner who chaired the report committee, is among many who fear that a strong and fair internal market will be undermined if member states use the pretext of sub-sidiarity to assert their own national interests over those

 Ministers will also try to long-awaited and much-debated measures which will allow cross-border movement of cultural goods, and the free

Move to oil wheels of single EC revenue plans By David Gardner in Brussels on European union. Member states' appuroval of the so-called Delors II package was being seen as a test of political will see a test of political will see a test of political will see a te Delors scales down

plan to increase revenue by a third over five years, suggest-ing instead a smaller rise over

Mr Jacques Delors, Commis-sion president, made his more modest proposal in line with sharply downgraded EC growth projections. The new plan is designed to meet objections by the richer northern countries, while still satisfying the aspirations of the poorer countries - Spain, Portugal, Ireland and Greece - which had been promised a doubling of fiscal transfers under the

original proposals.
The Commission's move comes as the 12 face simultaneous crises on the Uruguay Round trade talks and ratifica-

ministers meeting in Brussels yesterday agreed that the new plan had a reasonable chance of being hammered into a deal at the Edinburgh summit next

The main discordant reactions yesterday were towards a UK presidency draft conclusion for the summit, saying that midway through the period covered by the revised plan, "economic and social cohesion . . . will increasingly depend on the application of sound economic policies, and decreasingly rely on structural

transfers". Mr Delors in effect put back on the table a refined version of the compromise he withdrew, amid some acrimony, at the Lisbon summit in June.

The original Delors II package called for an increase in the EC budget from Ecu66.6bn now to Ecu 87.5bn (£70.7bn) in 1997, at today's prices. The new plan would raise the budget to Bcu80.2bn in 1997 – an increase of barely 21 per cent

 and only Ecu86.2bn by 1999. The revised seven-year pack age would begin with two flat adjusted downwards in line with increases in Community growth of 1.1 per cent this year, 1.4 per cent next year and an estimated 2.2 per cent in 1994. The original package assumed five years' growth at an average of 2.5 per

If the revised package is accepted, less will go to farm spending and nearly Eculbn will be switched from the proposed increase in research and development spending to keep the EC's "cohesion" effort



An autograph hunter causes some merriment at a ceremony in Berlin yesterday to grant honorary citizenship to former Soviet President Mikhail Gorbachev (left), former US President Ronald Reagan and Chancellor Helmut Kohl (centre) to thank them for bringing down the Berlin Wall. Also in the picture is Mr Gorbackev's wife, Raisa, and Berlin's mayor, Mr Eberhard Diepgen.

UK-Russia treaty lays the ground for wide co-operation

Richard Lambert in London

BRITAIN and Russia yesterday turned their backs on the leg-acy of Cold War suspicion and signed a new bilateral treaty pledging peace, friendship and wide-ranging co-operation.
The treaty, signed at Down-

ing Street by Mr Boris Yeltsin, Russia's first democratically elected president, and Mr John Major, the British prime minister, was the first such docuCzarist Russia.
The two leaders also signed

five other agreements covering fields as diverse as a new telephone hot-line between Downing Street and the Kremlin, and measures to improve economic and military co-operation and the safe transport of nuclear weapons destined for destruction.

Later Mr Yeltsin called on British businessmen to increase their involvement in the emerging Russian market

Amity and Commerce with up payments owed to British exporters, with priority for smaller companies. He also told his City audience at the Stock Exchange that Russia needed help to reschedule its foreign debt. Until now discussions on debt rescheduling have focussed on debt incurred before January 1, 1991. Mr Yelt-sin asked creditors to move the

> So far, both government and commercial bank holders of the former Soviet Union's esti-

Soviet Union.

cut-off point to December 8,

1991, the formal demise or the

mated \$70bn-\$80bn foreign debt have been reluctant to include debts contracted in 1991 in any agreement. Germany, in particular, made large loans in this period to help finance homes for Soviet troops leaving east Germany and to prop up Mr Mikhail Gorbache

Mr Yeltsin said his government planned to cut value added tax from 28 to 20 per cent in January and reduce profits taxes. Although Russia still faced huge problems, "the worst of our economic problems are now behind us" he

privatisations and market reforms. "Not everyone has strong nerves. But we do have patience, commonsense and the ability to learn how to live a normal economic life."

The president, who faces a bruising political struggle with conservatives over both economic and foreign policy at next month's session of the Congress of Peoples Deputies, appeared heartened by the warmth of his reception in London. "We agreed on everytary fields, everything," he said, thanking Mr Major for his "profound understanding of Russia and its reforms".

In the economic sphere the two sides agreed to set up a UK-Russian inter-governmental steering committee on trade and investment, in which businessmen would be directly involved. Mr Major said several were "looking promising".

John Brown, the engineering company is "to go ahead with

said, referring to the wave of political, ecological and mili- with Gazprom, the Russlan gas ene complex at Novy Urengoi with support from the ECGD £280m available to support trade with the former Soviet Union. Gazprom in turn is Rolls Royce for replacement gas turbines and spares for gas pipeline transmission. ECGD support was also

pledged for a new Moscow airport terminal at Domodedovo. and the Comstar telephone

In particular, the two parties acknowledge the significance of financing - including providing medium and long-term credits - for "steady and effective" economic co-operation. In the framework of national rules and international arrangements, they agree to provide export credits on "suitably favourable terms". They also recognise the importance of the development of infrastructure, including both national and international transport and communications systems. Companies and organisations infrastructure, including co-operation in securing funding from

ment for the Promotion and Reciprocal Protection of Investments.

Need for finance is key element in pact

THE AGREEMENT on economic co-operation, signed by British and Russian ministers yesterday, lays down a new formal framework for the promotion of co-operation between the two countries, writes Robert Mauthner, Diplomatic Editor.

international organisations.

Each party agrees to provide legal protection for investment by nationals of the other country in accordance with the 1989 Agree-

Croats cut Serb supply link

By Laura Silber in Belgrade

CROAT forces yesterday cut off the vital supply route linking Serb-held territories in Bosnia-Hercegovina and Croatia with Belgrade, the Serbian and federal capital.

Belgrade Radio said the Croats had severed the land corridor running across north-ern Bosnia from Belgrade to Banja Luka, military headquarters of Bosnia's Serbs. The radio also said Moslem fighters had cut off a main road running south to Pale, the Serb stronghold just east of Sarajevo, the Bosnian capital. Despite earlier ceasefire

nents between Serb and Crost forces, which control some 25 per cent of Bosnia-Hercegovina, fighting yesterday intensified around Croat-held Mostar and Serb-controlled Nevesinje in southern Bosnia. Croatian Radio claimed Croat and Moslem forces had moved the front line deep into b-held territory.

In Belgrade, Mr Radovan Karadzic, the Bosnian Serb leader, yesterday announced a plan to end the war in Bosnia by freezing current front lines. ence on Yugoslavia has rejected the partition of Bosnia along ethnic lines, Mr Karadzic said the former Yugoslav

republic had ceased to exist.

"This war is no longer being waged for the division of Bosnia-Hercegovina, because it has already been divided between the Serbs and Croats,'

The leader of the self-proclaimed Serb Republic, which covers some 70 per cent of Bos nia, appeared confident Sarb forces could preserve their territorial gains even in peace.

NOTICE UNDER SECTION 11(2) OF THE **ELECTRICITY ACT**

The Director General of Electricity Supply (hereafter referred to as "the Director"), pursuant to section 11(2) of the Electricity Act 1989 (c.29) (hereafter referred to as "the Act") hereby gives notice as follows:

(1) He proposes to make a modification by the insertion of two additional Conditions (13 and 14) into the licences which have been granted under Section 6(2)(a) of the Act to Scottish Hydro-Electric Pic and Hydro-Electric Energy Ltd to the same effect as Conditions 13 and 14 in the licence granted to Unilever U.K. Central Resources Ltd on 14 October 1991 under Section 6(2)(a) of the Act except that in both Conditions "15 October 1994" shall be replaced by "30 November 1995".

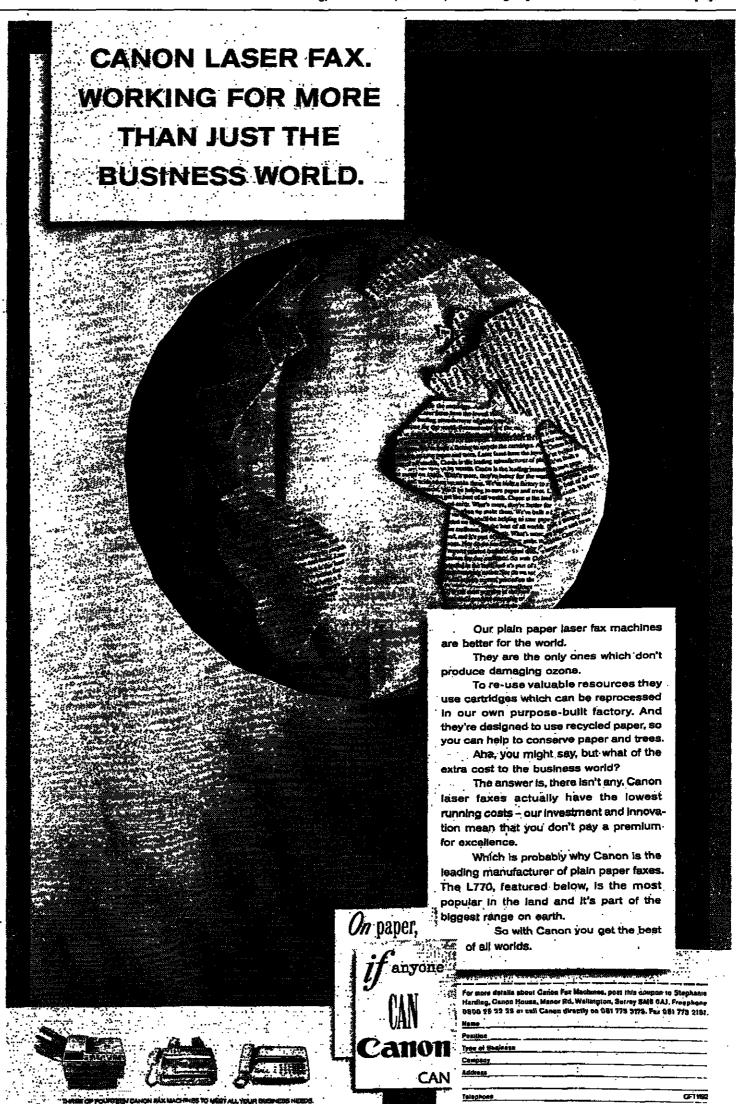
(2) The Director proposes to make the modifications in response to a request. Regulation, Hagley House, Hagley Road, from Scottish Hydro-Electric Pic and Birmingham B16 8QG.

Hydro-Electric Energy Ltd that their second tier supply licences be modified to include the powers and rights conferred by or under the provisions of Schedules 3 (compulsory acquisition of land etc.) and 4 (street works, wayleaves and other powers) of the Act subject to limitations similar to those imposed in other licences including such powers issued by the Director

(3) Any representations or objections to the proposed modifications may be rnade on or before 11 December 1992 to the Director at the Office of Electricity

under Section 6(2) of the Act.

Dr E C Marshall, duly authorised on behalf of the Director General of Electricity Supply, 9 November 1992.



Greece buys three

By Kerin Hope in Athens

THE Greek Defence Ministry yesterday signed a contract to buy three second-hand frigates from the Netherlands navy for a total of Fl 380m (£140m), with delivery due by 1995.

The purchase is part of a £1bn modernisation programme for the Greek navy. which calls for adding 12 frigates to a fleet currently based on destroyers and fast patrol craft, equipped with missiles.

Greece will pay cash for the

Kortenaer class frigates, built in the early 1980s. But payment will be spread over eight years, with annual instalments starting at Fl 20m and rising to Fl 90m in 1995.

The frigates will be equipped with Sea Sparrow surface-toair missiles, Harpoon surfaceto-surface missiles, anti-submarine systems and a helicopter

Mr Ioannis Stathopoulos, the Greek defence under-secretary, said yesterdaythe deal would help modernise the Greek fleet. which was "necessary in order to avert war and lay the foundations for peace in the

region."
The frigate deal was preceded by the delivery of 170 Leopard tanks, handed over by the Netherlands to Greece under the so-called "cascade" redistribution of older Nato weaponry from western Europe. Greece has also agreed to buy 177 armoured personnel carriers from the Netherlands, at a reduced price.

Greece already has two Kortenaer class frigates, which took part in the Gulf war, patrolling in the Red Sea Ear-lier this year, the Greek navy took delivery of two Knox-class frigates from the US, transferred free of charge under a bilateral military aid pro-gramme. Another US frigate

will be given to Greece in 1993. Meanwhile, Greece has received the first of four Mekoclass frigates ordered in 1987 from Germany at a total cost of £800m. The other three are

of six-course meal worthy of an

award. (In fact, our in-flight

service has won us 29 international

US fires new salvo in Gatt propaganda war

Report says deal would give sharp boost to processed French farm exports

By David Dodwell, World Trade Editor

SUCCESSFUL completion of the Uruguay Round would create an export boom for French farmers in the highvalue processed products that account for 70 per cent of current farm exports, according to a report by US farm

Independent farm experts said the report exaggerated potential gains, but agreed that as Europe's most efficient agriculture producers. French farmers could on balance see

would come at the expense of less efficient farmers in other parts of Europe - such as Germany or Spain - rather than through boosted sales to markets outside Europe.

The report comes at a time when French farmers are campaigning fiercely to prevent further dilution of the Common Agriculture Policy's farm subsidy regime. The collapse last week of ill-tempered US-EC negotiations on reform of Europe's agriculture subsidy system has triggered fears of a

tit-for-tat trade war.
It is clearly intended to fuel the propaganda war between France, backed by other smaller farm exporters such as Spain and Ireland, and leading

the farm trade dispute will scuttle the ambitious Uruguay Round reform package, which embraces trade in a wide range of services, in textiles, improved settlement of international trade disputes, and cuts in tariffs and non-tariff barriers to trade.

The report predicts an export boom for French beverages, processed and fresh fruits and vegetables, and livestock products. These together accounted for exports worth FFr130bn (£15.5bn) last year - about 70 per cent of total farm exports.
"Potential gains for this

already huge sector are staggering, and far outweigh even the most pessimistic French estimates of potential losses in the cereals and oilseeds sectors," the report says. It says an extra 35,000 jobs would be created for

every FFr5bn increase in exports. Mr Jean-Marie Demange, agriculture counsellor at France's London embassy, said yesterday he was puzzled by projections of more farm jobs: the country's farming population is expected to fall from 1m

at present to less than 700,000 within seven years, he said.

Dynamic regions such as Brittany could be expected to gain, as could the country's efficient poultry sector, he small part of the farm sector.



European Commission president Jacques Delors (left) arrives in Brussels to discuss the looming transatlantic trade war

France was a strong producer of processed farm products, it could not be expected to per-form well in marketing these outside Europe, since most farmers were small operators, with poor links to large groups with any international trading network. France at present

He insisted that while imports more processed food alone. This would more than products than it exports, he

> The report also claims that CAP reforms will lead to higher demand inside the BC for cereals. It quotes EC studies predicting a 10m tonne increase in annual demand for

offset the US demand for cuts in subsidised exports of cere-

"Things are not going to be as bad as the French say, but nor are they going to be as good as the Americans say," Mr Jim Rollo, a farm trade

for International Affairs in

"France will do well out of the realignment of EC agriculture, and is likely to gain a lot in Europe's internal market, man. British or Italian farmers.

hopes risky gamble will pay off in Taiwan 1989. Worldwide capacity is 9m tonnes a year, while demand is

IMPERIAL Chemical Industries (ICI), Britain's biggest manufacturing company, yesterday opened its largest single prod-uct plant, a 350,000-tonne-a-year pure terephthalic acid (PTA) unit in Taiwan. The £150m facility, the biggest investment in Taiwan by a for-eign group, is part of ICI's strategy of expansion in the Asia-Pacific region.

However, the investment - a substantial one, given the whole group allocated only £776m to capital expenditure last year - is a high-risk gam-ble. The group is expected to being built under licence at a ble. The group is expected to state-owned Greek shipyard. In make a profit of only £610m

this year, compared with 9843m last year and a peak in 1989 of £1.5bn.

ICI's investment comes at a time when the market for PTA, used to manufacture polyester for textiles, bottles and films, is struggling. Since the plant's construction began in 1989 Asian prices have fallen by about 15 per cent to \$540 a

The PTA price fall has been driven by slowing demand growth - down from 12 per cent a year in the 1980s to 8 per cent and capacity increases. In Asia alone, 10 PTA plants with a combined capacity of

more than 2m tonnes a year

have come on stream since

flat out

to Dubai

(or Hong Kong, Singapore,

Manila, Bangkok...)

fly us once, fly us always.

However, ICI, the world's second largest manufacturer of PTA after Amoco of the US, believes its investment is strategically correct. PTA is one of the few

only 8m tonnes.

growth opportunities at present available in the petrochemical industry," Mr Mike Brog-den, chief executive of ICI chemicals and polymers, said. The British company is gam-bling that despite the present

glut, a PTA shortage will occur in Asia during the mid-1990s. Regional demand is at present about 5.1m tonnes a year.

Although theoretically there in Asia. PTA is hard to manufacture and actual production is about 4.4m tonnes, ICI said. By the middle of the decade, it hopes regional demand will be 6m tonnes a year with theoretical production also at 6m tonnes and actual production at 5.1m tonnes. Three new units with a combined annual capacity of 750,000 tonnes are

business manager. ICI hopes any increase in Asian demand will not draw in extra imports from the US, currently some 700,000 tonnes a

due to come on stream before

1996, according to Mr David

Hewitt, ICI's international PTA

"For once, we appear to have got our timing about right. We're probably coming on stream only six months too early," says Mr Hewitt. Asian PTA prices will tighten by as much as 15 per cent by 1995, he

"We need to make cash at the bottom of the cycle and generate lots at the top. Even at present prices we are put-ting cash into the coffers."

ICI's PTA business, which now generates £200m turnover a year, is set for rapid expansion, Mr Brogden says. He expects PTA sales to rise to £320m by 1994 as annual production increases from 500,000 to 900,000 tonnes. Within five or six years, PTA will represent 25 per cent of the chemicals and polymers' annual turnover which was last year nearly £3bn.

The group's first PTA plant in Asia will not be its last, Mr Hewitt adds. The group will be looking to construct a new plant within five years. One possible location is China.

But before ICI can consider expanding further, its PTA business must pay its way. Sir Denys Henderson, chairman, warned yesterday the group was not interested in making investments that did not make money. Operations must generate significant profits to justify further capital spending

Caricom reduces external tariff and pleases no-one

By Canute James, recently in Port of Spain, Trinidad

THE Caribbean Community (Caricom) has lowered the rates of a controversial tariff being applied to imports from third countries. However, the reduction has angered regional businesses which want continued protection, and is not expected to satisfy the community's critics, including the US, which want more substantial and immediate cuts.

At an extraordinary summit in Trinidad, the leaders of the 13 Caricom states agreed to reduce the top level of the com-mon external tariff from the 45 per cent to between 30 per cent and 35 per cent, with all states committed to this reduction between January I and June 30 next year. This will be followed by a further reduction of the top rate to between 25 per cent and 30 per cent by 1995, with the rate falling to between 20 per cent and 25 per cent by

The Community, which has a market of 5.5m people, is made up of 13 English-speaking countries of the region, and is trying to create a customs union which the members have agreed is a prerequisite for a planned common market. The Bahamas is not a party to the community's trading arrangements, and Belize has been granted permission to delay the implementation of

the new tariff arrangements. The new tariff structure is a compromise aimed at satisfying the deep division among community members. Jamaica, which had called for an immediate reduction of the top rate to 20 per cent, said the region's industry had to be made com-

But some countries objected, saying their fledgling industries needed protection from cheap imports, while others said their budgets would be harmed by reduced revenues if

effort to move towards a common market

Compromise in

import duties were cut. Mr Patrick Manning, prime minister of Trinidad and Tobago, and chairman of Caricom, said the competing interests of all members had to be taken into account, and this explained the progressive cut in the top rates, spread over five years, rather than a more significant and immedi-

Having asked for an immedithe tariff, Mr PJ Patterson, Jamaica's prime minister, said he had accepted the sliding scale, but would move immediately to a top tariff rate of 30 per cent in January.

However, regional business leaders who had objected to any reduction in the tariff rates, are angered by the Caricom decision.

"With a eventual tariff level of 20 per cent, very few manufacturers will be able to com pete." complained Mr Neil Poon Tip, president of the Trinidad and Tobago Manufacturers Association. "We operate very small plants and our inputs also have an additional cost in freight charges."

Mr Bobby Khan, president of the Barbados Manufacturers Association, forecast business closures in the region, saying that the countries which have been pressuring the community for a reduction in the tariff rates would also lose markets in the Caribbean.

The Caricom decision is unlikely to satisfy Washington, which had said a more significant reduction in tariffs was needed if the community was to keep in step with changing trends in global trade.

IBM to push Sony standard

By Charles Leadbeater in Tokyo and Michiyo Nakanio

IBM, the US computer manufacturer, and Sony, the leading Japanese consumer electronics group, are co-operating to promote Sony's stan-dard for CD-based multi-media

technology.

IBM has announced that it will sell Sony's hand-held multi-media CD-ROM players in the US for which it has developed its own software. The two will be sold by IBM as a package. The Sony CD-ROM player was launched in the US in mid-September.

The decision by IBM to market Sony's CD-ROM player is an endorsement by IBM of Sony's standard, which is slightly different from an internation-ally agreed CD-ROM standard. The link between two of the

largest electronics companies has stirred excitement among industry circles over the possible formation of an agreement extending to the development of new software for Sony's consumer electronics products. Such an agreement could create the basis for a powerful electronics industry alliance.

The talks mark a further step in IBM's strategy to develop a network of international alliances with partners in Europe and Asia as part of its restructuring programme.

CD-ROM players are the hardware heart of multi-media machines which combine video, photography, data, animation and sound, by applying computing power to consumer electronic products. The computer software to bring together a variety of previously separate consumer products is vital to multi-media machines.

The emergence of multimedia has prompted software producers, many of them US companies, to forge new relationships with Japanese consumer electronics hardware manufacturers. Last month, Sony agreed with Nintendo. the video-game manufacturers, to manufacture and market a new game system that combine Nintendo video games with a CD-ROM drive.

Slower growth in consumer electronics and computer sales combined with high research costs and development, is forc ing companies to force international alliances.

Apple, the US personal computer maker, is also allied with Sony while IBM has teamed up with Sharp, to market a pocket

sized communications device. AT&T, the US telecommunications group and Matsushita. the world's largest electronics group last month unveiled an alliance to produce a pocket

> OECD EXPORT CREDIT RATES

Minimum interest rates for officially supported export credits (%)

	Dec 14	Nov 14
DMark	8.24	8.77
Ecu	9.35	9.5
French franc	9.77	10.20
Guilder*	8.35	8.80
Gulider#	8.40	8.8
Guilder†	8.60	8.89
ltallan lira	14,28	14.54
Yen	5.30	5.50
Peseta	14.61	14.12
Sterling	8.80	10.20
Swiss franc	7.37	7.67
US dollar*	5.64	5.42
US dollar#	6.60	6.38
US dollart	7.15	6.96

bid. Interest rates may not be fixed for longer than 120 days SDR-based rates of interes are the same for all currences. The SUR-hased rate

Flying Emirates First Class is a dream. awards in the last 6 years.) Imagine an attentive Imagine sipping Dom Perignon '83. Imagine having a seat with its own personal video screen multi-lingual cabin crew, hand picked from 44 countries, never Imagine a choice of over thirty-six feature films and four channels of sport, more than a mere comedy, current affairs, children's viewing glance away. Imagine stretching out fully on the and various language programmes. Imagine being served the sort most comfortable sleeper seat in

the world and dreaming your

flight away. Actually it's no dream.

It's Emirates First Class.





spending plan

IMPLEMENTATION of Japan's supplementary budget - seen as critical to the government's emergency programme to pre-vent the economy falling into recession - was further delayed yesterday by the political power struggle set off by the Tokyo Sagawa Kyubin bribery scandal.

The start of debate over the

supplementary budget, which is crucial to implementing a Y10,700bn (£54bn) emergency economic package announced in August, will be delayed until next week at the earliest, according to members of the

Japanese parliament. The delay is due to the ruling Liberal Democratic party's (LDP) failure to agree with the main opposition parties over a timetable for the supplementary budget to be discussed by the Japanese parliament's powerful budget committee.

The Diet convened on October 30 for a 40-day extraordinary session to pass the budget, which is needed to implement large-scale public works spending

Ministry of Finance officials warned that prolonged delay could seriously undermine con-

But they said there were no plans for interim measures to help support stock market and

The opposition parties, led by the Social Democratic party, are demanding that 10 LDP leaders give sworn testimony to the Diet over their alleged involvement in the Tokyo Sagawa Kyubin affair.

The opposition parties will

of the budget. But they are insisting LDP leaders should give sworn testimony to the

The LDP has proposed that unsworn testimony should be given to the parliament's eth-

The likelihood that the Diet will hear evidence over the scandal means it will continue to create political procertainty at a time when the Japanes economy is on the verge of

The scandal has sparked a wer struggle at the top of the LDP after a public outcry forced the resignation of Mr Shin Kanemaru, the former head of the largest LDP faction. Mr Kanemaru admitted he accepted a Y500m illegal donation from the company.

However, in the past week pressure has been mounting on other LDP leaders, particularly Mr Noboru Takeshita, the former prime minister and citular head of the largest LDP faction to clarify his role in the

Last week Tokyo prosecutors pursuing a breach of trust case against former Tokyo Sagawa Kyubin executives read deposi-tions in court which alleged several other LDP leaders were involved in dealings with the company which was linked to organised crime syndicates and right-wing nationalist groups. Mr Kiichi Miyazawa, the

prime minister and LDP president, yesterday played down suggestions that the party might take libel action aga the prosecutors for reading the controversial depositions given

Taiwan tightens investment rules for foreigners

screening of foreign investment applications and bids for infrastructure contracts to with large mainland Chinese shareholdings, officials said yesterday, Reuter reports from

investment applications prudently to prevent Communist Chinese capital from slipping through," said Mr Chen Mingpang, secretary-general of the government's Investment Com-

Foreign companies would be ordered to withdraw existing investments in Taiwan if they were found to have major Chi-

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TAIWAN is tightening its nese shareholdings Companies with big Chinese investments will also be \$300bn (£193.5bn) development plan, economics ministry officials said.

Taiwan has curbed economic We are screening foreign contacts with China since the end of the civil war in 1949. Under a law passed in July, companies with combined Chinese shareholdings of more than 20 per cent are banned from investing on the island. Local newspapers have said Chinese capital is avoiding restrictions, entering Taiwan through Chinese invested com-

panies in third countries.

Indonesia attacked on E Timor human rights

yesterday that Indonesia has arrested hundreds of suspected supporters of independence for East Timor ahead of the first anniversary of the November 12 massacre by Indonesian troops. Reuter reports from

The London-based human rights group said Indonesia tortured political detainees and had failed to honour United Nations resolutions and recommendations on the former Portuguese colony.

Torture and ill-treatment of political detainees continues to be both common and routine," Amnesty said in a statement, made available to Reuters in

"In the weeks prior to the

AMNESTY International said anniversary of the massacre; the authorities arrested hundreds of suspected suporters of East Timor's indepen prevent them from publicly

and peacefully expressing their political views," Amnesty said. Indonesia invaded East Timor in 1975 a few months after the departure of Portu-gal's colonial administration and annexed the territory of 750,000 people a year later. On November 12 last year,

Indonesian troops fired on a crowd of anti-Indonesian demonstrators at a cemetery in the East Timor capital Dili, provoking international outcry.

Eyewitnesses said up to 180 people were killed, but an offi-cial indonesian report said 50

Squabble puts Jordan conspiracy verdict due today Trial could be a warning to militants, write James Whittington and Mark Nicholson Tordan's State Security outcome of the trial, the first of control to an be done. He added: "I share not only religious convictions but also an office in simplement for a mall his simplement for a

Court is due to announce its verdict today in the most controversial political trial the country has seen for years. Two militant Moslem members of parliament and two merchants are accused of conspiring to overthrow the Hashemite monarchy with the intent of creating an Islamic

The MPs, Mr Leith Shbeilst, and Mr Ya'aqub Qarrash, face charges of belonging to an ille-gal Iranian-backed group - the Shabab al Nafeer al Islami (Moslem Youth for Mobilisation) - possession of weapons and explosives, undermining Jordanian-Iragi relations and slander against the king. Both men face a maximum sentence, if found guilty, of

Mr Shbeilat and Mr Qarrash have pleaded not guilty while the two other defendants say they are guilty only of posses ing weapons which they insist were for use in the occupied territories against Israel. After a month of controver-

its kind to be held in public, is seen by many as a serious test of Jordan's embryonic democracy and, perhaps, of the degree to which the authorities in Jordan may seek to circumscribe its limits.

after King Hussein, in his first speech since returning to Amman from cancer surgery in the US, laid out his vision of Jordan's future as an exemplary democratic state in the From the outset, the case has been riddled with conspiracy theories. Mr Qarrash and Mr

Shbeilat claim that the trial

has political motivations and

the proceedings have been

The verdict comes just days

Many Jordanians have expressed the hope that the King himself, as formal head of the kingdom's judicial system, should somehow intervene in the case. In a recent FT interview, King Hussein said he

"keeping a close eye on

don't think anyone should worry, we are totally committed to democracy, to pluralism, to human rights."

Prosecution evidence col-lected by the General Intelligence Department (GID), other-Mukharbarat, includes bugged telephone conversations and a secret witness, a Mr Yassin Ramadan Yassin, who claimed to have carried \$200,000 from Iran to Mr Shbeilat last April.

After questioning Mr Yassin during a closed session of the otherwise open court last month, Mr Shbellat and Sheikh Qarrash's lawyers withdrew from the case in protest at what they described as "terrorism of the defence" and the two MPs began a hunger

The court-appointed lawyers who presented the defence's summation were rejected by both MPs as "not understanding the case". Although Mr Qarrash and

Amman, they are, in the eyes of the Jordanian public, as dif-ferent as chalk and cheese. Mr Qarrash is known for his religious zeal and controversial business practices and, aside from the fundamentalists, few would mourn if he were found

guilty.

Conviction of Mr Shbeilat, on the other hand, a successful civil engineer and by far the most popular MP in the 80-member lower house of parliament, could prove more explosive. There have already been demonstrations outside the court protesting his innocence and the return of a guilty verdict could provoke a backlash. Many Jordanians believe the trial to be a warning shot to

Islamic militants who won 33 seats in the 1989 narliamentary elections and, with the recent legalisation of political parties, are successfully gathering sup-port for general elections in vember next year.

Mr Shbeilat's supporters believe the trial is a counterinvolvement in a parliamentary committee which investigated corruption charges against a number of former ministers, including Mr Zaid Rifai, a former prime minister.

Even some of Mr Shbeilat's political opponents, among them some senior Jordanians, believe the case against the popular MP to be weak at best and even possibly contrived. Mr Abdul Karim Dughmi

lower house deputy speaker and former minister, one of Mr Shbeilat's original defence lawyers, argued: "I am definitely sure that the case against Shbeilat was a conspiracy by certain powerful sides in the government to silence him politically."

Government sources insist, however, that the evidence against the defendants could not have been ignored. "The threat of militant fundamental ists is a real one," said one senior figure. "If democracy is to succeed then we have to

Political council for Bahrain

By Mark Nicholson. Middle East Correspondent

BAHRAIN is set to become the latest Gulf state to announce fresh moves towards wider political participation by unveiting details of a 30-seat consultative council next month.

Sheikh Isa bin Sulman al-Khalifa, Bahrain's emir, told the Saudi newspaper Asharq al-Awsat he was "serious about naming the council, which would be announced

very soon. Senior Bahraini officials said a decree establishing the council, all members of which will be appointed by the emir, would be issued in December. The council is expected to have a purely advisory role and diplomats said vesterday the state's rulers appeared to

be moving with great caution

in establishing the new It will be the first broadening of political participation in the Gulf state since the emir suspended Bahrain's first elected parliament just two years after its formation in 1973, claiming the body's internal arguments were obstruct-

Oman last vear set up its first consultative council, while King Fahd, the Saudi ruler, recently named the speaker for a 60-member advi-sory body, appointments to announced. Kuwait last month held its first general elections

Middle East peace talks reopen amid uncertainty Pro-Iranian guerrillas had lock with the Syrians on their conference reconvened after a Few people expect break fired salvos of Katyusha rockdemand for a total withdrawal throughs before the Clinton 12-day pause for the US presidential election and is due to ets into northern Israel and from the occupied Golan team is in place. If they are

ARAB-ISRAELI peace talks resumed yesterday overshadowed by new violence in Lebanon and uncertainty over the transition of power from President George Bush Clinton, Reuter reports from Washington.
The seventh round of talks since last year's Madrid peace

continue until November 19. Mr Itamar Rabinovich, Israel's chief negotiator in talks with Syria, was in tough mood, seeking a statement that Damascus was not involved in

Israel's south Lebanon security zone late on Sunday in apparent retallation for an Israeli air raid that killed four guerrillas. Mr Rabinovich said Israel had not changed its positions

Heights and Israel's counterdemand for a Syrian commitment to sign a peace treaty. Israel is negotiating with Jordan, Lebanon and Palestinians from the occupied territo-

contemplating any significant concessions, the parties might want to keep them up their sleeves until then. By the same token, it is in nobody's interest to annoy the new US leader by

Israel to settle for 10% inflation rate

By Hugh Carnegy in Jerusalem

ISRAEL will settle for near 10 per cent inflation next year - a rate well above that in its main European and US trading partners - in a drive to sustain growth and reduce record 11 per cent unemployment caused by mass immigration from the former Soviet Union, the Governor of the Bank of Israel said

Mr Jacob Frenkel said he was not "playing a game of trade-offs between unemployment and inflation" because downward path. But a dramatic fall in the rate this year to an expected 11 per cent, from 18 per cent in 1991. allowed for a period of "consolidation" when inflation would fall less quickly. "We are very very sensitive to the social and economic dangers that high and sustained unemployment can bring to the nation," he

said in an interview. He was speaking after the Labour-led government moved to bolster growth, which is set to reach about 6 per cent in

real terms this year, by announcing it would let the value of the shekel fall by 11 per cent over the next year. It also announced a package of tax cuts and incentives for the business sector.

These included a cut in VAT

from 18 to 17 per cent from the start of next year, a four point cut in the corporate tax rate to 36 per cent spread over the next four years and 50 per cent ise in depreciation rates allowed on fixed assets for tax

Mr Frenkel said he fully backed the measures. The prior shekel devaluation over the coming 12 months continued a policy of a "diagonal crawling peg" in place for the last year. It combined "flexibility and stability" while excluding damaging sudden lurches in exchange rates, he said.

Although the projected devaluation will more than cover the difference between domestic inflation and inflation in Israel's main export markets, the Manufacturers' Association said it was not

Lebanese PM vows to free south

LEBANON'S billionaire prime minister declared war on corruption, inflation and illegal speculation yesterday and promised to push for an Israeli withdrawal from the south,

Reuter reports from Beirut. Mr Rafik al-Hariri, a banking and construction tycoon with Saudi royal links, told MPs the main goals of his new government were to free the south and a return to prosperity.

intent on "liberating the land from occupation, liberating the state from the aftermath of the citizens from the effects of chaos" following 15 years of civil war. Mr Hariri, whose \$4bn (£2.5bn) fortune outs him among the world's 100 richest men, is expected to win a vote of confidence in parliament for his government by a landslide later this week.

Speaking after pro-Iranian guerrillas had fired rockets into Israel and its "security zone" in south Lebanon, Mr Hariri endorsed the right of the Lebanese to fight Israel's occu-

BJP challenges the Indian government over early election

By Shiraz Sidhva, recently in Bhubaneswar, India

INDIA'S opposition Bharatiya Janata Party (BJP) has stepped up its confrontation against the ruling Congress party, accusing it of "utter failure on the political, social and economic

At a weekend meeting in the temple town of Bhubaneswar in the eastern

state of Orissa, the BJP directed party workers to be prepared for elections in the near future. It was especially strident in its criticism of Prime Minister PV Narasimha Rao's economic reform programme, which it had ear-

An elderly protester wields his umbrella in a 1,000-strong demonstration yesterday demanding

that the South Korean government secure full compensation from Japan for after-effects of its invasion in the second world war. South Korean president Roh Tae-woo met Japanese prime

minister Kiichi Miyazawa in Kyoto on Sunday, but the issue apparently was not addressed

The Congress party retorted that it was fully prepared to meet the challenge of a mid-term election. It said it "not afraid of the BJP's hollow

threats," and that Mr Rao's policy of consensus politics should not be mishaving failed to increase exports or construed as weakness. The BJP lacks the strength in the

lower house of parliament to topple the Rao government. No other political party is thought seriously to want an election so soon after the general election last year.

control inflation and foreign debt. It said rises in petroleum and fertil-

tion in the lower house and de facto head of the BJP, said his party was The BJP accused the government of confident that it could convince the

iser prices had played havoc in the economy. Mr L K Advani, leader of the opposi-"practically no performance" in the people that the Congress government,

"with its dismal record in Kashmir. Assam, Punjab and Ayodhya, could not hold the country together". The Ayothya temple issue, which has contributed to the BJP's growth in influence over the last two years, threatens to reach another flash-point on December 6, with Hindu militants planning to resume construction of

Khmer Rouge shatters \$2bn UN peace plan

Brutal rebel group grows stronger in its north Cambodian fastness, Victor Mallet reports

was still easy to find United Nations officials and western diplomats who Khmer Rouge guerrilla group would stop defying the UN and start co-operating with the Cambodian peace plan agreed in Paris in October last year. The Khmer Rouge, already notorious for causing the deaths of an estimated lun Cambodians when it ruled the country between 1975 and 1978, has in the past seven months repeatedly flouted a nationwide ceasefire, fired on UN helicopters, and sabotaged bridges. It has also refused to allow UN forces access to the areas it controls and refuses to

with the peace agreement. But the optimists persistently argue that the Khmer Rouge was merely playing for time and making last-minute "tactical moves" to consolidate its recent territorial, political and economic gains before yielding to the UN and taking part in the elections scheduled for next May - elections which the Khmer Rouge was confidently expected to lose. Such hopes were dashed over

disarm its troops in accordance

the weekend by the failure of the international talks in Beijing aimed at bringing the Khmer Rouge to heel. Mr Khieu Samphan, the

nominal Khmer Rouge leader, ignored the pleas of the various sponsors of the Paris peace accord, shrugged off a UN deadline of November 15 for Khmer Rouge compliance and said his organisation would not participate in the elections "in the prevailing conditions". The consequences of contin-

ued Khmer Rouge intransigence are likely to be severe, both for the credibility of the UN, which is committing more than 20,000 troops and civilians and \$2bn to the largest peace keeping operation in its history, and for the future of Cambodia as it struggles to emerge from two decades of war. "I'm finding it harder to

maintain my optimism," a western diplomat who follows events in Cambodia said yesterday. "The Khmer Rouge appears to have concluded that the whole election process will not be to its benefit." One immediate worry for the UN Transitional Authority in

Cambodia (Untac) is that the

other three Cambodian fac-

Hun Sen, head of the Vietnamese-installed administration in Cambodia, told a news conference in Bangkok yesterday on his way back from peace talks in Beijing

tions will start to reverse the disarmament process, which they had begun without the Khmer Rouge. About 55,000 troops, most from the Vietnam-ese-installed administration of Mr Hun Sen, have reported to cantonment areas, out of about 450,000 soldiers and militiamen in the four factions. The UN is now casting

around for ways to prevent the entire accord unravelling. The first step is likely to be a UN Security Council meeting this month to consider the possibility of imposing economic sanctions on the Khmer Rouge, which has been building up financial reserves by selling gems and timber from the territory it controls to Thai businessmen across the border.

The new Thal civilian government has said it will try to implement whatever the UN decides, but doubts remain over whether a formal closure of the frontier would have men of the Paris peace confer-

that a full-scale resumption of civil war could be imminent following the failure of international efforts to convince Khmer Rouge guerrillas to co-operate in the UN-sponsored much impact on the trade

between the Khmer Rouge and Thailand. The rugged border makes control of smuggling hard at the best of times, and the Thai armed forces which supervise the area will be reluctant to forgo the "protection money" they earn from Thai entrepreneurs who deal with the Khmer Rouge.

Another course of action being considered by the sponsors of the Cambodia peace plan is a rewriting of the original accord in order to exclude the Khmer Rouge. This was previously regarded as out of the question because of the enormous efforts needed to negotiate the original plan.

"Now that we have been unable to reach agreement...some appropriate adjustments must be made to the Paris agreements," Mr Ali Alatas, Indonesia's foreign minister and one of the chairpeace process. Reuter reports that Hu Sen said that "right now we are not at war but, if no immediate measures are taken, there might be a renewal of war."

the Beijing talks. The danger of excluding the

Khmer Rouge once for all, western diplomats say, is that it would be free to denounce the election results, then bide its time in the fastnesses of northern Cambodia until the UN is forced by a shortage of funds to extricate itself from the country, and ultimately challenge the future elected

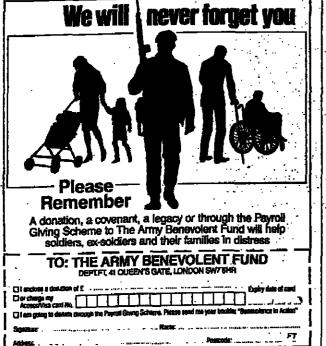
government The Khmer Rouge has been stridently emphasising its nationalist credentials and successfully exploiting popular distrust of neighbouring Vietnam by blaming the Vietnamese government and the numerous Vietnamese settlers inside Cambodia for most of Cambodia's problems, and for

its own intransigence. Critics of UN operations in Cambodia say Untac officials have consistently over-emphasised the weaknesses of the

Khmer Rouge, have been fooled by repeated Khmer Rouge hints that the organisation was on the verge of cooperating with the UN, and have failed to use even the threat of military force to tackle blatant Khmer Rouge

violations of the peace accord. They have also, critics say. played into the hands of Khmer Rouge anti-Vietnamese propagandists by leaving too much authority in the hands of the Hun Sen government, which is, in terms of the peace accord, only one of the four

While UN officers speak of Khmer Rouge guerrillas defecting in search of food and money, Mr Raoul Jennar, a Brussels-based consultant who monitors Cambodian affairs, says that the Khmer Rouge is poaching troops from the other, less-belligerent factions and now has a presence in 20 of the 21 provinces. "Today," he wrote recently, "the Khmer Rouge display the contempt with which they hold the concern that has been shown to them by the governments and diplomats from the 18 countries who signed the peace



Congress leaders jostle for power supervisor to step down

By George Graham in Washington

THE transition team of President-elect Bili Clinton is moving cautiously towards the creation of a new administration, but in the legislative branch of the US government, congressional leaders are wasting no time regrouping after last week's elections.

New senators flew to Washington yesterday to be sworn in, and Speaker Thomas Foley went with other Democratic leaders to Chicago to meet the House of Representatives' new intake. While the new members were being inducted, the veterans of Capitol Hill

were already jockeying for position. House members began yesterday picking over - in strict order of seniority the list of vacant office suites, and elections are due to be held today for several key Senate party posts.

Most of the posts are uncontested, but has seen relatively little turnover, but man William Natcher of Kentucky, a a fierce, if covert, battle is being waged by Senator Mitch McConnell of Kentucky to oust Senator Phil Gramm of Texas from the chairmanship of the National Republican Senatorial Committee, which Mr Gramm has used to

allocation of committee assignments open seats on the prized financial com-

ation and spending - the House ways and means committee and the Senate finance committee for taxation, and the appropriations committees of both chambers for spending - wield enormous influence because of their control

Among those stepping up will be Congressman Bob Carr of Michigan, expected to become head of the transportation subcommittee, and Congressman Louis Stokes of Ohio, who will take over the veterans, housing and independent agencies subcommittee, which

spending in specific sectors.

13 of the 59 members of the House

appropriations committee have retired

and six more were defeated in primaries

or elections. They include three chair-

men of the subcommittees that control

includes the space budget in its domain. One critical question is the future of 82-year-old Congressman Jamie Whit-ten, who chairs the full appropriations committee and its agriculture subcommittee. He was compelled by illness during the last Congress to hand over day-to-day responsibilities to Congressyear older but much fitter.

Some Democrats are urging a breach of the normal seniority rules to place a younger member, such as Congressman David Obey of Wisconsin, in the committee's chair. The senior Republican on appropriations, Congressman Joseph McDade of Pennsylvania, could also be ousted because of his recent indictment on charges of bribery.

No such coup is expected against Congressman Dan Rostenkowski, chairman of ways and means, but of his committee's 36 members, 13 have left Congress. The selection of new members to replace them will be particularly important because of ways and means jurisdiction over health care issues, which are expected to be high on the agenda of both the Clinton administra-tion and the new Congress.

US savings and loan

MR Timothy Ryan said yesterday that he would step down next month as director of the US Treasury's Office of Thrift Supervision after three years in charge of the recover-

ing savings and loan industry.

Mr Ryan told the annual meeting of the Savings and Community Bankers of America in San Diego that the overhaul of the S&L, or thrift, industry was "virtually com-

Together we have made the savings and loan business into an industry of strong, well-cap-italised, profitable institu-tions," he said in the text of a speech prepared for delivery

Four years ago, Mr Ryan said, the 3,100 thrifts in the US were between them losing

more than \$1bn (£645m) a Their capital amounted to just 0.33 per cent of their com-bined assets of \$1,300bn.

In the first half of 1992, he said, the 2,000 surviving thrifts made \$2.8bn in profits. Capital amounted to 5.7 per cent of their much trimmed combined assets of \$840bn.

The S&L crisis, however, is not yet over for the US federal government. Mr Ryan's office continues to send failed thrifts into liquidation under the auspices of the Resolution Trust Corporation, but the last Congress failed to vote an additional \$43bn for the RTC,

to veto who sits on the elec-

Although reforms are unlikely to satisfy the PRD -the advantage of incumbency is so huge in Mexico that a

level playing field for all par-

ties may be impossible to

secure - Mr Salinas's more

immediate problem may be the

damaging effect on morale of

which has been without new

funds since April 1. The Bush administration estimates that the failure to authorise new funds is adding \$4m-\$6m a day to the ultimate cost of the crisis by preventing regulators from closing savings and loan businesses as quickly

as they would like. The Congressional Budget Office projects the total cost of the S&L bailout at \$195bn up to

Mr Ryan, 47, said he told President George Bush when he was appointed OTS director in April 1990 that he would leave after the 1992 election. The former White House aide and pension lawyer said he intended to return to private

Scandal allegations irk Franco

By Christina Lamb in Rio de Janeiro

BRAZIL'S interim President Itamar Franco reacted angrily yesterday to allegations that he had been a financial beneficiary of the corruption scam that caused the demise of his predecessor, Mr Fernando Collor, and brought him to power last month.

The charges were made by Mr Paulo Cesar Farias, the alleged front-man in the multimillion-dollar kickback scheme, who told reporters he had given money to Mr Franco while he was Mr Collor's vice president and during the 1989

The claim sent the nervous Brazilian stock markets fall-

A furious Mr Franco challenged Mr Farias to present a copy of any cheque made out

Prosecution lawyers in Mr Collor's impeachment trial yesterday completed their report to the Senate, accusing him of 20 crimes, including electoral malpractice, tax evasion, and "crimes of responsilaunch his 1996 presidential campaign. Most critical of all, however, is the

next month, with an unusual number of mittees up for grabs. The committees that preside over tax-

over the purse strings.

The Senate appropriations committee

Pressure growing for Mexican electoral reform

Nafta and the economy are causing problems for Salinas too, Stephen Fidler and Damian Fraser report

entering his fifth year in office, these are anxious times. The country's current account deficit widened earlier this year just as foreign capital dried up, forcing the government to raise interest rates to ensure continued inflows of

finance and to slow growth. Pressure is intensifying on Mr Salinas to reform a political system which has ensured that the Institutional Revolutionary Party (PRI) has held power for 63 years. While this agenda includes a reform of the party that brought him to office, be has to be careful that the reforms do not so split the PRI that it loses the 1994 presidential election.

Further complicating matters, his friend and ally to the north - President George Bush - has been voted out of office, adding to uncertainty over one of Mr Salinas's central policies, the North American Free Trade Agreement. Without Nafta's ratification, Mr Salinas will be seen to have lost his biggest gamble.

The issues facing Mr Salinas are linked. If Mexico's regional politics degenerate into vio-

OR President Carlos lence in the coming year, it Salinas of Mexico, now will hurt the chances for ratification of Nafta. Without Nafta, the level of investment required to sustain growth and the current account deficit will be difficult to achieve. Without an upturn in growth in 1994, the prospects for the PRI in the presidential elections will be veakened

Mr Salinas will have at the very least a central role in choosing the PRI's presidential candidate next year even if, as seems unlikely, the traditional dedazo - the presidential nomination which has in the past effectively appointed the next president – is diluted to give the rank and file of the party a bigger say.

Before then, he will want to defuse the controversies which have followed the election of PRI candidates for a handful of state governorships. Mr Salinas is widely held to have intervened to replace the governors, the latest in the state of Michoacan, following protests about alleged fraud from the left-of-centre Party of the Dem-ocratic Revolution (PRD). Such protests have fatally

weakened the credibility of

Mexico's electoral rules, while

the gubernatorial resignations have divided the PRI rank and file, and strengthened the opposition. With less than two years before the presidential election, Mr Salinas needs to change the system fast. In his state of the union address this month Mr Salinas

outlined his strategy to defuse this tension, through further reform of the federal electoral system to provide a model which will be followed by the states. The proposals are expected to be passed into law

PRI party members.

Many PRIIstas are already hugely dissatisfied with the way Mr Salinas has undermined their power, and the

officials, the proposals include

ceilings on private campaign

contributions and expenditure,

more public funding, auditing

of campaign revenue, rules to

ensure fair access to the news

media, in particular television,

and greater independence for

the bodies overseeing the elec-

president is still calling for further reform of the party, in its finances, ideology, candidate selection and internal structure. The reform, he told the Financial Times, "has not finished, it has to go further, and the elements have to be defended as such as part of a deepening process of reform".

The state of the union address also gave clues about how Mr Salinas would approach economic problems There was an unequivocal commitment that fiscal policy would not be loosened in an attempt to accelerate growth. The government plans a budget surplus next year to follow

tion. Parties will have the right ernment officials say other economic reforms can be expected.

These include a simplification of the 1973 foreign investment law, which will leave for-

eign investment excluded from

only a small number of industries viewed as strategic. The government is also working on plans to make the central bank independent, a significant step likely to be interpreted positively by financial markets and business. "I'm convinced that a strong profes sional and experienced central bank is essential for any process of reform," said the presi-dent, hinting at a change other

government officials say is The government hopes these and other measures will consolidate and institutionalise the economic reforms it has already passed. "We must emphatically make this deep process of reform part of the

everyday life of the population. "That's when the reforms become institutionalised. Then they won't depend on individuals for them to be successful or permanent. Institutional reform is a fundamental element," Mr Salinas said.



Carlos Salinas: under pressure to reform the system

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BOEING

HILE is likely to become Latin America's top performing econ-omy this year. The latest central bank forecast sees the economy expanding by at least 8 per cent in 1992, following nine years of uninterrupted

After three years of falling inflation, the country appears to have broken the cycle of inflationary booms followed by sharp recessions that has been the region's trademark for many decades.

Newspapers have not carried a gloomy economic article in months. Instead, the headlines reflect the giddy feeling of suc-cess that permeates the coun-

Santiago's skyline is a jungle of construction cranes and shimmering new buildings. A recent survey of 900 export companies reported steady or expanding foreign orders. There are so many mining prolects in the Atacama desert that engineering firms are recruiting professionals abroad, having emptied the engineering schools at home. Unemployment, at 5 per cent,

The strength of the Chilean economy is underpinned by growing and diversifying exports. These will nudge the \$10bn mark this year, representing almost 30 per cent of GDP. Traditional exports, such a copper, fishmeal and fresh fruit still form the bulk of foreign earnings, but they are being joined by an eclectic list of new products and manufac-

tured goods. Non-traditional exports fresh salmon from southern Chile, wine from the central valley, furniture, biotechnology - are growing at an annual rate of 18 per cent and



Finance minister Alejandro Foxley sees record investments in mining (above) and forestry as a big vote of confidence

will earn almost \$2bn in 1992. Chile recently overtook Germany as the third largest wine exporter to the US, behind France and Italy. About 10m ses will be shipped this year,

worth \$100m. The government's foreign policy is centred on opening new markets for Chilean exports. President Patricio Avlwin and a retinue of business men flew to the Far East this week for trade talks in Malay-sia, China and Japan, which is now the biggest buyer of Chil-

The country is sprinting to break a whole batch of economic records this year. The central bank's international reserves, at \$8.9bn, are enough to cover Chile's import bill for one year. In August, Chile became the first country in

Latin America to regain international standards of creditworthiness with a Standard & Poor's investment grade rating for the country's sovereign

Investment is growing at almost twice the rate of the economy. This year, the government is targetting \$3bn on housing, irrigation and the country's congested roads and ports, while the private sector has invested a record \$4.3bn in mining, forestry and other export industries.

Mr Alejandro Foxley, the finance minister, sees this as the biggest vote of confidence from a business community that initially fretted over eco nomic policy in the hands of a centre-left government after Chile's return to democracy in



stem the flood of dollars enter-Perhaps the most remarkable ing the country, and control the steady appreciation of the pect of this investment boom is that it is being financed almost entirely out of Chile's peso without damaging the domestic savings. Both Mr Fox-ley and Mr Roberto Zahler, the president of Chile's indepencompetitiveness of Chilean

The central bank has relaxed foreign exchange controls to allow the peso to appreciate by about 10 per cent against the dollar this year. Although the National savings have main reason for doing this was to stem the build up of foreign exchange reserves, cheaper imports have also helped bring from a meagre 8 per cent 10 years ago. So while foreign down inflation by almost 6 Mr Zahler believes Chile is points this year to an annual strengthening its ability to weather external shocks. 13 per cent.

The central bank has has forecast inflation of between 10 and 12 per cent for next year because of the widespread indexation of the economy. Success is also changing the nature of economic debate in

marketeers who held sway during Gen Augusto Pinochet's era have lost ground to a new generation of economic thinkers who believe the state has an important role to play in promoting health, education and technological change.

Economists at Santiago's Catholic University, once the breeding ground for Gen Pinochet's finance ministers, are now focusing on fighting poverty, which still engulfs 40 per cent of the population.

But Mr Foxley still believes it will take perhaps 20 years to raise Chile's per capita inco which is still low at \$2,800, to those of southern Europe.

A tax reform pushed through in the first year of President Aylwin's government allowed Mr Foxley to raise an extra \$1bn for social projects, better pensions and higher wages for doctors, schoolteachers and

civil servants. He has done this while generating fiscal surpluses in the past 21/2 years. He says the government will have saved over 3.2 per cent of GDP in 1992.

Eventually, Chileans will feel bold enough to question the cost of their armed forces. They are paying a high price for the country's peaceful transition to democracy: the military consume more than 15 per cent of the government's

In private, government offi-cials admit that they are paying to keep the army happy and out of politics. The military burden will continue to drain public finances for many years to come, as Gen Pinochet's conscript army is unlikely to rethink its role in Chile's new democracy until the 74-year-old commander-inchief retires in 1998.

Chile breaks out of the boom-bust cycle | Most Argentina unions ignore general strike

By John Barham in Buenos

ARGENTINA'S first general strike in over three years was less than a resounding success yesterday, with all but a few kev unions largely ignoring the call for a one-day stoppage in protest at the government's

In Buenos Aires, the capital and largest city, shops were open, offices and banks worked normally, while public trans-port operated at about 70 per cent of its usual capacity.

However, Mr Edmundo Soria, transport secretary, admitted that the city's train system, which normally transports between 1.3m and 1.4m people a day, was practically paralysed, as were bus services in working-class areas of southern Buenos Aires.

The strike went off relatively peacefully, apart from a small bomb which exploded harm-lessly outside the headquarters of the CGT union confederation. Pickets also attacked and

burned several buses. Companies in the Buenos Aires industrial belt and other industrial centres said their factories were either brought to a complete halt or worked well below capacity. Reports from Cordoba, Argentina's third largest city, say the

strike was 90 per cent effective. The CGT called the strike to protest against President Carlos Menem's plans to abolish union privileges and reform Argentina's rigid labour laws. Although the pro-Peronist unions called 13 general strikes to defeat economic reform under the previous government of President Raul Alfonsin, they have not resisted the privatisations and mass dismissals decreed by Mr Menem,

a Peronist. However, they have drawn the line at the government's attempts to eliminate union control over welfare funds, estimated to be worth \$5bn a

Unions are also up in arms over a ban on wage indexation and plans to make it easier for companies to sack workers. Economists say that labour and social security reforms are vital to maintain the balance and momentum of the government's free market policies.

Underlying the economic issues is a political struggle. Mr Menem needs union support to amend the constitution to allow him to stand for reelection when his term ends in 1995. Analysts say that is why he has so far shrunk from tackling labour reform.

Union bosses are attempting to recover their former political ascendancy. But yesterday's strike was hardly convincing as a show of union

strength.
Strikes under the previous government were much more disruptive, especially in the country's bigger cities, which nearly shut down.

The traditionally powerful unions are slowly losing support in the country.

Pollsters note that the unions have failed to capitalise on growing discontent caused by falling wages and collapsing social services, mainly because their leadership is widely viewed as bureaucratic and

Colombia squeezes guerrilla cash flow

PRESIDENT Cesar Gaviria of Colombia has outlined a series of security measures designed to strike at the financial heart of Colombia's guerrilla groups. In particular, the government will be able to cancel contracts with foreign and domestic companies found to be paying protection money to the guerrillas. Banks will be held responsible for accounts containing ransom money.

The measures, outlined at the weekend in response to a wave of attacks by the country's guerrilla groups, are part of a 90-day state of emergency. Mr Gaviria virtually shut the door on any further peace dia-logue with the rebels, warning that officials who maintained contacts with the guerrillas might be sacked.

The guerrillas, he said, were no longer the vanguard of the revolution but the rearguard of the drugs traffickers, pursuing riches through kidnaps, blackmail and paid killings.

Over the last four years some 17,000 people have died in Colombia's political violence. The two main guertilla armies the old-style Soviet-line Revolutionary Armed Forces of Colombia (FARC), and the Castro-oriented National Liberation Army (ELN) - have some 80 fronts with over 8,000 combatants between them and control large areas of the country. Both the FARC and the KLN

exact payments from companies working in areas they control. Documents captured by



Gaviria declares the national state of emergency on Sunday

show that the ELN gained nearly \$30m from kidnapping and extortion in 1991. The government now plans to embargo funds and properties linked to guerrilla groups and to support an anti-kidnap law which would allow the freezing of all bank accounts belonging to

kidnap victims. The guerrillas' power in oil-producing areas is such that they have forced local govern-

ments into handing over money from oil royalties. The royalties will now be administered by the central government. Mr Garivia also announced restrictions on the

All these measures will go hand in hand with the strengthening of counter-guerrilla units, improved intelligence and a nationwide commanications network to supply information on guerrillas.



Fly to Johannesburg twice.

dent central bank, see this as

an important departure from the country's historic reliance

climbed to 18 per cent of GDP,

Unlike central bankers else

where in Latin America, Mr

Zahler is in the enviable posi-

tion of having to manage the

challenge this year has been to

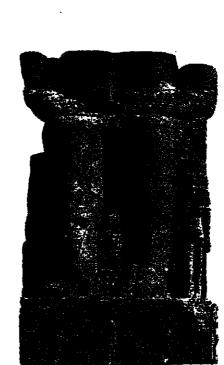
daches of success. His main

nt remains important,

on foreign capital flows.

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O U A L I F L Y E R .

AUSTRIAN SWISSON AT

vehicle by about 10 per cent to

600 a week. The increase

comes in the wake of faint hopes raised by October new

vehicle registration statistics

that the long and severe new

vehicle sales slump in the UK

may at last be coming to an

end. New car sales in October

were 8.2 per cent higher than

in the same month a year ago. About 70 per cent of Land

Rover's total output is

refused to forecast whether

overseas sales would be boosted by sterling's devalua-

tion - the main factor behind

gen yesterday that it is

increasing its UK prices by an

average of 2.9 per cent from

December 11. More than 3,000

workers have already volun-

plant is likely to achieve all job

losses voluntarily but some

workers at Halewood are likely

although all Ford workers can

apply for the enhanced sever-

Ford's move contrasts with

the deal negotiated by Rover,

the British Aerospace volume

ance package.

sory redundancies.

to face enforced redundancies

The Dagenham assembly

teered to leave this year.

By Catherine Milton and Kevin Done

UNIONS AT Ford are to ballot members on industrial action, as workers face compulsory in almost 30 years as well as a 40 per cent cut in pay for workers on short-time.

Mr Jimmy Airlie, chief Ford negotiator for the AEEU electrical and engineering union. said: "The company seems to be turning the industrial relations clock back 20 years. We have no option but to ballot members on action."

Ford said its Halewood, Merseyside, car assembly plant would be reduced to single shift working in a further move to cut car production in line with weak sales.

The threat of industrial action followed Ford's withdrawal of an offer to maintain the company's long-standing policy of voluntary redundancies only, in exchange for a six-month pay freeze from November 24 and a cut in layoff pay from 100 per cent of the basic wage to 60 per cent from January 1 1993.

The lay-off pay of a skilled day worker earning £281.93 a week would go down to £169.15. Mr John Hougham, Ford personnel director, indicated some undertakings made before the downturn could no longer be sustained. "We are prisoners of the economic climate. We believe the market is going to stay totally flat throughout the year and see little sign of an

upturn before 1994." The company still hopes to avoid compulsory redundancies but is looking for about 270 more volunteers before

Rifkind blocks £2bn defence spending cut

MR MALCOLM RIFKIND. defence secretary, appears to have fought off demands from Land Rover is increasing production of its Discovery the Treasury for deep defence cuts in Thursday's public four-wheel-drive leisure

spending review.

A proposal which wuld have involved a reduction of about £2bn over three years in the department's £24bn annual budget has been abandoned, civil servants said yesterday, though a compromise based on a smaller cut had not been ruled out.

Ministers decided that a £2bn reduction was "not possible" said sources. Mr Rifkind is said to have warned that thousands of jobs would be lost and some companies might not survive if cuts were deen.

A modest cut should also keep the MoD on the course set by the Options for Change defence review in 1990 and might allow the government to keep its election manifesto promise not to cut the defence budget below £24bn a year.

Last year's Autumn State-ment on spending plans envisaged a 1992-3 defence outlay of £24.1bn rising to £24.8bn by 1994-5. A small cut or a freeze this year should avoid the need for another defence review. said the sources. But equipment spending, which takes the biggest slice of the defence budget at 37 per cent, should still bear the brunt of cuts in the medium term.

car subsidiary, last month for a Projects under threat of postponement or cancellation two-year 3.6 per cent pay deal and a guarantee of no compulinclude an upgrade to Challenger I tanks; the £700m Tor-Unions believe UK plants are nado GRI aircraft mid-life unfairly bearing the brunt of upgrade; a £500m mediumrange surface-to-air-missile to job cuts in Ford's European replace the already retired operations, in spite of significant recent productivity gains Bloodhound and Trigat antitank missiles (£425m).

Maastricht obstacle course lies ahead

Ralph Atkins and Alison Smith examine the route

the government must negotiate though parliament

last week's government victory over Tory Eurosceptics marked the begining of the end of the Maastricht treaty's ratification in the UK, the subsequent confusion has provided a sobering lesson in the realities of Westminster procedures - and Conserva-

tive party internal dynamics. The way ahead resembles an obstacle course surrounded in fog for government business managers trying to steer the bill through parliament. Nobody is quite sure where the next hurdle lies or when the race will finish.

The government cannot say definitely when the bill will be finally approved. Even beyond that uncertainty it seems to be trying to appease both Euro-enthusiasts and Euro-sceptics with different - perhaps con-The outline timetable is

will return to the Commons for that start of its "committee stage". Two or three days will be set aside. (The formal "first reading" and two days of debate to give

the bill a "second reading,"

and approve the broad princi-

Before Christmas the bill

something like this:

ples of the legislation, took place before the Danish referendum in June.) Euro-sceptics are certain to raise hundreds of points of order, each of which has to be answered by Miss Betty Boothline is that the Maastricht royd, the Commons "speaker" treaty includes important constitutional change deserving who chairs parliamentary pro-

ceedings, and may in themselves take several days. Then work will begin on the hundreds of amendments tabled by Maastricht's opponents and the opposition Labour and Liberal Democrat parties. Even though not all of ond Danish referendum. these will be chosen for debate, and many of those that are will This, the government argue, be grouped, that will still leave

a substantial number of separate discussions, each of which could last a few hours. In practice little headway will be made with the substance of the bill before MPs leave for a Christmas holiday.

• Rather than seek to force the pace of the bill - as ministers had originally planned time will be allocated throughout the first half of next year

Other legislation will be con- Danish referendum is delayed sidered concurrently. There is no hint yet that the government plans to bring in a "guillotine" motion which would timetable debate. The official

serious consideration. But the unspoken sub-text is that Euro-sceptics were told last week that the "third reading" - which follows the committee stage line-by-line con-sideration of the whole bill will not come before the sec-

will not be until May While some Cabinet ministers believe the referendum and the third reading are not interdependent, Downing Street is stick-ing to the line that May is the most likely time for the Danish poll - and the third reading.

What happens if the detailed committee stage debate collapses well before then, so that the third reading could take place in April is not clear. Also unclear is what happens if the

beyond May.

If the bill is to complete its passage through parliament before the end of the current session - as it must do unless the process has to start all over again - it will have to move to the House of Lords before the summer recess.

Deers' consideration of the bill cannot start until after the Commons' third reading. The process in the Lords is a similar mix of debate in principle and discus-sion of detail, finishing with a third reading debate.

Though by convention, peers do not throw out a bill that is a manifesto commitment, with many of Maastricht's most vociferous opponents in the upper house - including Baroness Thatcher and Lords Tebbit, Parkinson and Ridley – its age there will not necessarily be smooth. Discussion of the hill will almost certainly straddle the lengthy summer recess and be completed in the 'overspill" - the final weeks

the summer recess in October

or November. • If the Lords has amended the bill at all, it must return to the Commons, as the final form of the legislation has to be agreed by both MPs and peers. If the alterations are only technical, there is hardly any scope for wrecking tacties by Euro-sceptic MPs. But if the Lords have made significant changes - perhaps inserting a clause ordering a referendum that could trigger fresh

debates, and Iresh delays. If MPs refuse to accept changes made in the Lords, the bill could "ping pong" back and forth between the two chambers until agreement is reached - although the Conmons always has the final say. This could mean a last min-

ute rush to get the bill though before the end of the session. Usually the date for the state opening of the next session is fixed well in advance for some time in November. The Queen cannot be delayed.

 In the final - and purely technical - stage, the Queen signifies her agreement, and this Royal Assent turns the bill into an Act, completing the parliamentary process.

Cheaper electricity at risk warns power chief

THE CHIEF executive of scenario assumed no outside National Power, the UK's largest electricity generator, warned yesterday that protection of vested interests in the energy industry may jeopardise the prospect of cheaper

Mr John Baker said that "though it is inevitably going to be a slow process, I have no doubt that electricity prices in the UK will continue to fall in real terms as competition bites and cost savings continue to be passed to the end user." He added, however, that this intervention to protect vested interests and to reduce the impact of market forces.

Mr Baker's warning was made at a Financial Times conference in London on World Electricity, as he prepared to give evidence in the House of Commons today to the select committee inquiring into the future of coal. Mr Baker said the reorganisation of the UK electricity industry had shown there was no "immutable law which says electricity prices can only go up, not down.

Britain in brief



priority Consumers, unconvinced by lower interest rates, continued to make the repayment of debt

a priority last month. Official figures published yesterday showed consumers paid back £60m more than they borrowed in Septembe

following a net repayment of £36m in August. Almost all of last month's fall in consumer credit was accounted for by a big reduc-tion in credit card debts. Lending by banks on credit cards that are part of the Visa or Mastercard system fell-by 258m, compared with a fall of only £3m in August. Net lending by finance houses rose by £6m, while loans by building

Statistical Office also showed that new credit advanced to nmers rose to £4.4bm in September compared with 23.8bn in August.

Banker's 9th freedom appeal

Fresh evidence has come to light undermining the decision to extradite fugitive banker Lorrain Osman to Hong Kong

face multi-milliondollar theft and fraud charges, the High Court was

told today. Mr Osman, 60, Britain's longest-serving unconvicted prisoner, was making his ninth application in seven years for a writ of "habeas corpus" freeing him from custody at Brixton prison in south London.

His lawyer said statements incriminating him - made by a key witness and self-conlessed receiver of bribes - had been in the possession of the Hong Kong government since 1984. But they were only released to the defence in recent months, he said, and showed that vital evidence in "totally worthless".

Coal supply

British Coal rejected criticism that it had lost an opportunity to sell large quantities of coal to ScottishPower when it responded to the electricity generation and supply company's request for coal supply

ScottishPower had asked coal producers to quote for the indicated it would consider buying further quantities if the price was right.

Last week it agreed to buy 250,000 tonnes from British Coal and awarded contracts for 100,000 tonnes from private Scottish opencast mines, plus 840,000 tonnes from supliers in Australia, Poland, the amer Soviet Union and the

When ScottishPower's orders were announced. British Coal said that if it had

known the electricity company was interested in buying more than 250,000 tonnes it would have tendered accordingly. ScottishPower said the tender document stated that it was prepared to buy more than the

Appeal over train targets

British Rail's InterCity sector has told the government that it cannot meet punctuality targets on some interCity routes because lack of investment is making services unreliable. It has asked for changes in

the Passenger's Charter to allow for lower standards on routes such as the West Coast main line between London Euston, the West Midlands and the north-west, where investment is overdue.

However, it may also accept tougher standards for services on the East Coast main line between London King's Cross and Edinburgh, which has recently been modernised at a cost of £700m.

Ulster talks draw to close

Northern Ireland's Unionist and nationalist leaders, plus Irish and British ministers will today meet in Belfast for what is expected to be the final session of talks on the province's political

Sir Ninian Stephen, the inde-pendent chairman, is expected to formally wind up the negotiations which started in April and have taken placed in London, Dublin and Belfast.

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reducing engines, to make them more environmentally sound. And that pleases our symbol the crane, too. Neat, don't you think?

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■ Cabinet ministers 'sought to suppress evidence' ■ Documents indicate Foreign Office warned of arms embargo

Secret support of Saddam that went to the top

IT took the trial of three Midlands businessmen at the Old Bailey to provide the first firm evidence that the UK government encouraged shipments to Saddam Hussein's military machine and that senior minis-

ters were aware of this policy. Documents released vester day give the first detailed ation of how the government allowed the machine tool industry to make shipments with a known military pur-pose-some with possible uses in the manufacture of nuclear

and letters between senior Whitehall officials show that senior ministers in the govern-Thatcher were aware of what

They also indicate that the former prime minister was kept abreast of the Whitehall debate over exports to Saddam's military machine which continued to within week's of Irag's invasion of Knwait. Few British trials have been

so dominated by a sub-plot of political intrigue.

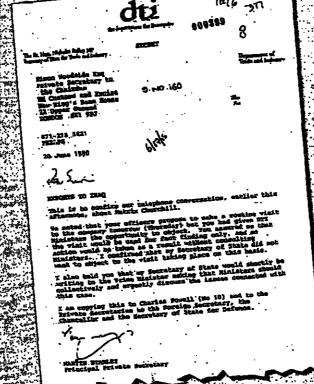
An array of witness box confessions came from senior civil servants, officers from MI6 and MI5, giving evidence concealed behind screens, and Mr Alan

defence minister in Mrs Four ministers, three of them cabinet members, tried to suppress the evidence, the defence claimed. They failed and yesterday, the case, prosecuted by HM Customs and Excise, collapsed amid recrimi-

nation and embarrassment. The tide for the defence, reptives of Matrix Churchill, the Coventry lathe manufacturer accused of exporting restricted







SECRET





Previously classified documents released to the court in the Matrix Churchill trial demonstrate how the government was driven into a corner by its secret policy on exports to Iraq. The alarm bells began ringing in the DTI after Customs started investigating Matrix Churchill weeks before the invasion of Kuwait. The DTI wrote to Customs warning that ministers would discuss the affair, and also wrote to the then trade and industry secretary Nicholas Ridley in June 1990 expressing worries about "dirty washing" emerging. Margaret Thatcher and her private secretary, Sir Charles Powell, were informed about the gravity of the affair, the DTI wrote. The trial heard that foreign office minister William Waldegrave and trade minister Alan Clark were pivotal to approving the exports to Iraq.

turn when Judge Brian Smed-ley agreed to the release of some 500 previously classified

Every document was damaging, said Mr Kevin Robinson, solicitor of Mr Paul Henderson. But what he called "the Koh-i-Noor" was a typed sheet from the Middle East section of the Foreign Office with a hand written note. Signed by an offi-cial on the Middle East desk called Michael Blackley and

that a UN arms embargo in January 1988 would affect the shipment of machine tools to Iraq: "The licences should not for the moment be revoked," it said, "but if it becomes public knowledge that the tools are to be used to make munitions. deliveries would have to stop at once...the companies should be warned of the falling guillotine and urged to produce and ship as fast as they can." The drama which ended in

court yesterday began in the

middle of the bloody Iran-iraq war, in October 1984. The then foreign secretary Sir Geoffrey Howe declared an embargo on lethal equipment to either side. Ministers pretended this ended but, by the end of 1988, Iraq had, in fact, become the third biggest market for the chine-tool industry.

The bulk of the documents suggest the desire to sell to the Iraqi military establishment was primarily trade-driven. Any accusation of political motivation is not proven. Howing of top Whitehall officials marked "secret" in March 1989, it is agreed that the guidelines for sales of arms to Iran and Iraq should be more "flexibly' applied to Baghdad.

Matrix Churchill was one of a dozen British companies secretly allowed to Saddam supply with the arms-related technology he wanted.

the backing of the FCO and the MoD, approved the export to Iraq by Matrix of spohisticated lathe equipment which, the documents show, officials knew could be used for devel-

A February 1989 note from the private secretary of Mr William Waldegrave when he was a foreign office minister says the Matrix Churchill "machinery in question has legitimate civil uses - but could also be

vielted Matrix.

Clark.

its defence industries. BSA

Wickman Bennet all had

orders for machine tools for

The UK had a policy against

supplying Iran or Iraq with potentially lethal equipment

but, as Mr Clark later told the

court, this was an "elastic" pol-

icy which could be stretched to

ent company, was contacted again by Mr Ricks on behalf of

Iraqi interests which wanted to

buy Matrix. The Iraqis had

The price had been a good one

include machine tools. Later that year Ti, the parfacture, or even uranium enrichment. comment that Mr Waldegrave was inclined to support recommendations that the applications be approved. "He has commented that 'screwdrivers are also requires to make

hydrogen bombs," it notes. According to the documents released yesterday the DTI and Customs allowed a final order of machines for making fuses

invasion of Kuwait.

The ostensible reason for the collapse of the trial was that the evidence given by Mr Clark contradicted the case brought by HM Customs. It is now clear that Mr

Clark's evidence was only part of the story. Confidential memos show that Mrs Thatcher was being briefed on the bones of the tilt policy. Further evidence of the for-mer prime minister's knowledge of the policy emerged in from Mr Martin Stanley, the principal private secretary of Mr Nicholas Ridley, the then trade and industry secretary,

to the Customs and Excise. The memo makes it clear that Customs and Rycise action against Matrix would be discussed by Mrs Thatcher and her ministers. Whitehall concern about the

Customs action had become apparent six days earlier in a memo from a senior DTI offi-cial to Mr Ridley. "The dirty washing liable to emerge from the action proposed by Cus-toms and Excise will add to the problems caused by the gun (the Iraqi Supergun). For the DTI the timing is extrordinarily embarrassing given recent correspondence between ourselves, MoD and FO."

A number of companies were encouraged to export arms-related equipment to Iraq. But Only Matrix Churchill, the biggest of 17 British exhibitors at the 1989 Baghdad Arms Fair, was charged with evading DTI controls. That Customs maintained its prosecution knowing what would emerge and the embarrassment that it would cause other parts of Whitehall is an intriguing question. Some point to its independent role as a prosecutor and to its frustration with the DTI at obtaining any convictions over the

I never saw myself as a spy but I suppose that is exactly what I was,' says British businessman who risked life for MI6

Midlands man tells of secret life as spy in Iraq

THE engineering heartland of the Midlands which moulded businessman Mr Paul Henderson might have been a world away from Whitehall when he ed off a train at Euston station one day in September 1989 to be greeted by his con-

This was Henderson, the spy, a man who for the best part of 20 years had been risking his life for British intelligence.

In his first full interview to be published after the end of his trial yesterday, Mr Hender-son spoke about his secret life and how he juggled the role of

businessman and spy.

For years he had placed his life in the safe-keeping of Mi6, which he had long since come to trust. It was a trust that would be sorely tested in the

months ahead. He recalled the rest of that September day. A chauffeurdriven grey Ford Granada took them to a building overlooking the Mall. They were escorted into an opulent room for a daylong session of intense ques-

Seated on one side of an oval table was Mr Henderson, managing director of Matrix Churchill, the Coventry machine tool manufacturer he had

th abroad

; book.

joined as a boy apprentice more than 30 years earlier. Facing him was a panel of six officers, mostly scientists attached to Mis. All were introduced using first names only. They proceeded to drain him of his knowledge of Eastern

Europe and Iraq.
They broke for lunch and walked the short distance to a gentleman's club in Pall Mail. Fresh scientists were introsion, which concentrated on eastern Europe. When the session ended, the party walked across to the Foreign Office

retraced my steps. I must have there for four years. But it was would decide whether I would

from the house, to the club, back to the house and over to the Foreign Office to be sure of where I went that day," said

Even now, with the Cold War and the Gulf war part of his-tory, he refuses to disclose the full details of what he revealed. Part of what he told them emerged in the trial. Another part remains veiled in spite of his distillusionment with an intelligence service which he

had loyally served since 1973. For the best part of 20 years he concealed his intelligence work from his colleagues and family, including his wife. Only his close friend and colleague Mr Mark Gutteridge was party to the secret and Mr Gutteridge was himself encouraged to pass information to the intelligence services.

Mr Henderson was working in a deadly business for which he could have paid with his life. He worked to basic ground rules. "I never made notes or contacted anyone in a country in which I was staying. I never made phone calls," he said. He was told by his controllers and names. "My memory was not that good and I wrote the numbers down against

ade-up names," he said. His first encounter with British intelligence was in 1973 when he became managing director of Matrix Churchill International, which handled the export sales of the machine tools division within the TI Group of companies, to which Matrix Churchili then belonged.

Four officers of MI6 - two men and two women - visited eight months of the year," he the factory to give a briefing said. behind the Iron Curtain. "It was a bit late for me because I "Later I went back and had already been travelling they were looking for and I

Diary of events

April 1989 Matrix Churchill exhibits at Baghdad Arms Fair September 7 1969 MC admits, to Financial Times, selling equipment to Iraq linked to unauthorised BNL

US government seizes

UK freezes MC bank accounts September 22 1990 DTI grants MC licence October 16 1990 Customs and Excise raid

factory: three directors November 6 1990 Terms agreed for sale of MC January 17 1991

February 22 1991 · ieave UK April 9 1991 Managers arrested July 23 1992 MC goes into receivership

all pretty common-sense stuff," A few days later one of the vomen phoned back. For the next two or three years she became his controller. They ever he returned from his visits to the eastern bloc. "I went to every eastern bloc country

Over the years his controldo for sales staff working lers changed but they remained hungry for information. "They would tell me what



Led the shadow life of a spy for nearly 20 years: Paul Henderson

do it or not; simple as that." said Mr Henderson. He was never paid and never asked for payment. "I did it because at the end of the day I thought it was the right thing to do and it was helping my country," he

"I never saw myself as a spy but I suppose at the end of the day that's exactly what I was

His business was machine tools, a business for which Britain was once renowned. Matrix made lathes that could turn almost anything from ketties to colanders. They could make shell casings and had

served the munitions industry for more than 100 years. The company traded heavily with the Soviet bloc and had 1,200 machine tools installed in the Soviet Union. "You don't sell a thousand machine tools to the Soviet Union without

In 1986 Mr Henderson was elevated to the prestigious position of joint chairman of the Anglo Soviet Working Group on the development of machine tool trade. The other joint chairman was Mr Boris Kurakin, a deputy minister of

made earlier inquiries at other machine tool companies. Sir John Cuckney, the former MI5 officer who had been a non-executive deputy chairman of TI at the time of the sale, said later that there had been nothing unusual about selling Matrix to an Iraqi company.

some having a military capaand II had wanted to sell it. Mr Henderson now believes that the deal had greater sig-nificance. "There is no doubt in my mind that the business was sold to the Iraqis so that we could monitor them." Mr Henderson put the deal

together, negotiating with Iraqi intelligence officers posing as machine tool manufacture in businessmen. He recalls Dr

tary uniform of a brigadier, but this was not unusual in the 1987, at the end of the Iran-Iraq war, a delegation of Iraqis introduced by an Essex busi-Ba'ath Party where everyone has a right to a military rank. sman called Mr Roy Ricks Mr Henderson would later be told by MI6 that both Habobi "I didn't think we would get and Kadhum were members of any business out of them and Iraqi intelligence.

thought we were wasting our time," said Mr Henderson. The The Iraqi ownership gave Mr company received a £19m order for CNC lathes to be used in Henderson the perfect opening. He could now amass informathe manufacture of 80mm tion for the British government 122mm and 155mm shells. while doing business for his Their use for Iraq's munitions company. "I used to drink with industry was accepted by the then trade minister Mr Alan Iraqi officials until two or three [in the morning]," he said. "Booze is a great loosener Other machine tool companies were also reaping the benefits of Iraqi orders to re-equip

of the tongue. I found things out that maybe I shouldn't have found out." Was he aware of the risks he was taking? "After a couple of years I suddenly began to realise that at the end of the day I was putting myself at risk. But

that was all there was to it." From mid 1988 his MI6 controller repeatedly asked one question: did he know anything about project Babylon? "I was confusing this at first with the Lion of Babylon programme which referred to the refurbishment of tanks. It was only later I understood they were asking me about the

supergun programme." With hindsight, this was a vital clue which suggests that British intelligence may have begun assembling a picture of Iraq's supergun project as early as mid 1988. This is earher than any intelligence offi-

cer has admitted to MPs. It has taken two years for Mr Henderson and his lawyers to piece together the broader picture of the British government relationship with Iraq. It took an Old Bailey trial to drag it out into the open.

For future husinessmen who light do as he did he warns. "Make sure you have everything in writing."

ous denials by the White

House that Washington gave

covert support to Mr Cardoen.

Banking Committee staffer

who has led Congressional

investigations into the Iraqgate

affair, said the developments in

Mr Dennis Kane, the House

Richard Donkin

Raffish minister attracted myths

GRNTLEMANLY, unpredictable, wealthy, sardonic, and brimming with self-confidence bordering on the arrogant, Mr Alan Clark's character as a minister was rich in every

sense of the word. Some of the stories about him may be apocryphal but he is the sort of raffish character who attracts and almost revels in myth.

On becoming a minister he was supposed to have looked at the modest official car and remarked: "You expect me ing for his own Jaguar to carry him with suitable dis-

He accused other European countries of "running for the cellars" during the Gulf war and joked of "bongo bongo"

He survived partly because he was close to Mrs Margaret minister, who appreciated his quirkiness and maverick free-market zeal. He was a tall, debonair old Etonian who was far more prepared than most ministers to speak his mind - even where it ran roughshod over government policy or over ministerial

But he is full of ironies. In spite of his aristocratic background - he is the son of Lord (Kenneth) Clark, the art historian - he is also an opponent of blood sports. He is personable and highly affable but, with his cavalier manner, did not always get on with senior military commanders during his time as a defence

After serving at the defence ministry and then trade and industry, and after nearly 20 years in Parliament, he stood down as MP for Plymouth Sutton at the general election. aged 64, to pursue other interests, including military his-

Since retirement from politics he has been preoccupied with writing his memohs and driving vintage cars - and his court appearance over Matrix Churchill.

With the Commons having been deprived of many of the strongest characters of the 1980s, he would perhaps have been too colourful a character to have enjoyed himself much longer.

Yesterday, with typical aplomb, he was refusing to respond to the profusion of media calls for an inter-

Machine tool industry decimated by embargoes

By Richard Donkin

BRITAIN'S machine tool industry has been decimated by the loss of business resulting from embargoes on Iraq. In 1986 the UK machine tool industry had no exports to Iraq. This was before the Department of Trade and Industry sponsored British companies to take part in Iraq's first international trade fair following the end of the

Iran-iraq war.

promoting Iraq to number three after the US and West Germany in the table of Britain's machine tool export

Most of Britain's machine tool makers had exports to Iraq at the time. Many of the exports were being used for the

manufacturer of munitions. Seven years later, with the Iraqi market destroyed and with the refusal of the government to countenance a new In the space of two years UK market in Iran, the UK survimachine tool manufacturers wors of the high technology lathes the world buys."

were enjoying sales of £31.4m, end of the industry can be

counted on one hand. Matrix Churchill, the compnay with the biggest Iraqi orders, is in receivership; Wickman Bennett, of Coventry has also ceased production. It agreed a fine with Customs and Excise over exports to

Mr David Phillips, an industry consultant, said much of the production lost as a result of the Iraqi debacle had been at the most technical end of the market, making "the kind of

Collapse provokes questions in US

Churchill trial triggered an immediate political reaction in Washington, where the Bush Administration has been accused by members of Congress of covering up its knowledge and possible involvement in the activities of the UK company's Ohio affiliate.

Mr Henry Gonzalez, chairman of the House Banking Committee, has accused the White House of covering up the entire Matrix affair, especially as the machine tools maker was financed by the Atlanta branch of Italy's Banca government officials.

The BNL affair, along with the role of Matrix and other THE collapse of the Matrix companies, has been dubbed "Iraqgate" in the US. Mr Rill Clinton, the president-elect, called during his campaign for a special prosecutor to investigate the affair.

Congressional investigators

have compared the trial of Mr Paul Henderson, the former Matrix managing director who worked for British intelligence services, to the US court hearings concerning Mr Christo pher Drogoul, the former BNL Atlanta manager who said he loaned \$5bn to Iran with the knowledge and approval of US

Churchill - which was the linchpin of Iraq's clandestine military procurement network - were frozen two years ago by the US Treasury, as were the assets of Mr Anees Mansour Wadi, an Iraqi associate of Matrix whose California company (Bay Industries) was also identified by the US government as part of Baghdad's

The US assets of Matrix

arms supply network. Congressional investigators said yesterday the disclosure in London that the UK government also knew of Matrix's relations with Mr Carlos Cardoen, the Chilean arms supplier of Mr Saddam Hussein, appeared to contradict previ-

London were of signal importance. "President Bush. Brent Scowcroft, his national security adviser and other officials have claimed it was not US policy to arm Iraq. Revelations in the Matrix Churchill case raise serious questions about the veracity of their statements and raise the question of whether the US in fact illegally helped to arm Saddam Hus-

Tou may think the meals you eat are full of taste and goodness. but they are usually full of something else as well - additives, the host of fla-Vourings, sweeteners, preserva-tives and colourings used by the food industry to enhance or disguise their products and make them last longer.

To the average consumer, the number of approved additives in the UK, currently 300, might seem more than enough for a healthy digestion. But next year, when the Single European Act comes into force, it will jump to as many as 412.

The logic behind permitting such a big leap in the array of "E" numbers which describe each additive is hard to follow. None of the extra 112 additives that might appear in people's food is a new chemical that has been discovered in the past couple of years. Some are banned in the UK at the moment: in the case of the sweetener cyclamate, since the 1960s.

Nor does the UK presently have a more rigid set of standards for allowing additives than other countries. It is the least restrictive, with the longest "approved" list in Europe. Germany, by contrast, allows just 150, while Greece allows only 120. For these countries, the shock will be even greater. "What's being allowed isn't the lowest common denominator," says Erik Millstone of Sussex University's Science Policy lower than that. Even standards in the UK will decline, as

they will across the EC."
Millstone often lobbies against the food industry's interest in putting what he sees as unnecessary chemicals into foods. He is up against considerable competition. The food industry in Europe is comparable in size to the defence industry. In the UK the spending on additives alone is worth \$453m; throughout the EC it

totals £1.8bn. But why are additives used at all? There are two principal From next year, the EC will have 412 approved food additives. Charles Arthur examines their contents and asks why we need so many

Prawn crisps and politics

reasons: people want food that sweeteners are the most comwill last longer (meaning it can be transported further and stored for longer), and manuthe taste-huds are surprisingly easily fooled.

The first reason led to the development of antioxidants (which stop oils turning randiscourage the growth of micro-organisms). The second has led to the real boom area: colourings, flavourings and

A few decades ago, food manufacturers looking to cut costs discovered that they could use

the EC Scientific Office, over-seen by the EC Scientific Common added ingredients in promittee on Food, an international group of scientists. Part of that work includes setting out rules for how much of an additive may be used in a food and in which foods each

been approved are now

strongly suspected of causing

side-effects: the best-known,

tartrazine (E102), is a bright

orange-yellow colour com-monly found in orange squash

concentrates which is now

thought to make some children

hyperactive and disruptive.

Monosodium glutamate, used widely in Chinese food, can

cause nausea and headaches.

The process of drawing up a

Europe-wide list of approved

additives has been carried out

over the past three years by

What's being allowed isn't the lowest common denominator, it's lower than that. Standards in the UK will decline, as they will across the EC'

lower-quality raw foodstuffs if. later in the manufacturing process, they added colourings to make them look more like the target product: red for tomatobased products, yellow for e, and so on.

Flavourings could provide taste that was not there before. And sweeteners could compensate for "rough" flavours: the tongue is highly tuned to the taste of sugar (or sugar-tasting products such as saccharin) which masks less pleasant ones. That is why sugars and

cessed foods. It is also why food companies keen to promote a quality image empha-sise the additives they leave out of their products.

The rapid multiplication of additives has led to careful scientific testing, with products fed to laboratory animals to make sure they cannot be dangerous, even when consumed in huge quantities. This process caused the banning of cyclamate in the UK: experimental evidence suggested it caused rats' testicles to shrink. Yet some additives that have

example, erythrosine (£127), a red colouring (used in many kinds of confectionery) only in glace cherries; a pinkish col-ouring only in the "saucisson de Strasbourg" of France's Alsace; and Brown FK (E154), a colouring widely used in all sorts of fish products, only in particular fish.

prawn cocktail crisp.

The prawn cocktail crisp came under scrutiny because an early version of the list of approved sweeteners said cer-tain strong additives could not be used in any snack. However, sweet crisp flavours (such as prawn cocktail) contain traces of aspartame or saccha-

of the additives can be used, in

a wide-ranging ruling which at

one stage threatened an essen-tial part of the British way of life, no less a product than the

Certain additives will only be

allowed in particular foods: for

As can be imagined, the bar-gaining and lobbying at EC level over which additives should be allowed and in which foods has been intense. The political fighting has also been prolonged. "You can say that again," remarked a



spokeswoman for the UK's Ministry of Agriculture, Food

The EC argued that the flavour of prawn crisps was artifi-cial. "But sweeteners is a minefield, and has been for some time." The scientific committee relented after the UK said jobs would be lost; the day was saved for prawn cocktail

industry, the burgeoning list is hardly a matter for excitement. Malcolm Jones, managing director of Bensons Crisps of Kirkham in Lancashire, says: "We don't see a dramatic change coming. But it has to come to fruition yet."

His company, which employs 700 people and has sales of £25m, is the UK's fourth-biggest crisp-maker - behind Pepsico, Dalgety and United Biscuits. "A lot of representa-

tries and vested interests," he

that we've got problems."
Similarly, the Snack and
Crisp Manufacturers' Association reckons it has headed off any difficulties. "We have done our homework," says Keith Nightingale, its director general. "It looks like we will be able to use the products that we wished to, in the future. We will be able to live with what

ultimately emerges."
The word "ultimately" is carefully chosen: the legislation enabling all these changes has still to work its way through the European Parliament. Nightingale suggests this means that the 412-strong list will not become law from

However, others in and outside the industry disagree: the Single European Act, they reckon, means that the list must come into force after the end of this year, and the scientific committee can add more numbers to it - and, possibly, subtract a few - as it goes

along.
But it has still left some annoyed. "It has been a political rather than a scientific process," says Millstone, who belongs to a lobby group called the Food Additives Campaign Team. "The negotiations have been between industry and government, and communication with consumers has been excluded. The EC didn't call a meeting of the Food Consumers' committee for five years; people speaking for consumers were systematically excluded

Millstone agrees that some of the extra additives are harmless. But, he says, "consumers had felt some progress was made in the late 1980s with the reduction in the number of additives such as colours. Now we will have synthetic colours such as tartrazine and amarynth (£123) on this list". The fight against the Es could be ready to start all over again once the clock strikes midnight at the end of 1992. So hang on to your prawn cocktail crisps.

Technically Speaking

Latest gadgets jump the gun

By Louise Kehoe

- electronics

are to be believed. For busy managers on the move, the personal communicator" portable battery-operated device able to send or receive written or spoken messages at any time, from almost anywhere - could be just what

they have been waiting for. "We believe personal com-municators will have as much impact on person-toperson communications as the telephone had in the early 1960s," enthuses Alain Rossmann, president and chief executive of Ro, an ambitious Silicon Valley start-up company which last week unveiled what it claims are the world's first personal

These all-purpose commu-nications tools combine the functions of a cellular telephone, a facsimile machine and a pen computer. The question, however, is not so much whether the market is ready for them, but whether they are ready for the mar-

Rossmann projects there will be 100m personal com-municators in use by the end of the decade. He aims to make Eo a leader in the emerging market. It is not alone in pursuing this dream. Over the next few months, several of the world's largest personal computer and consumer electronics manufacturers as well as other new ventures are expected to jump on the bandwagon.

The concept of an inte-grated wireless personal communicator is exciting. Imagine being able to scribble a note with an electronic notepad and transmit it directly via facsimile or electronic mail while waiting in an airport lounge, or retrieving messages left in an "electronic mailbox" from a hotel room without connecting a computer to the telephone socket. You also have instant access to remote databases and on-line information

But for all the exciting potential, the promise and reality of personal communications technology remain some distance apart. For one thing, Eo's first-generation personal communicators are far from being mass-market products. Priced at \$2,000-\$4,000 (£1,300-£2,500) they are targeted at "mobile professionals" whose work frequently takes them out of the

In this segment, Eo predicts 1m users by 1994. Prices will come down. Eo promises Yet even "early adopters" of the latest technology gadgets may have some inisgivings. Critical elements of the technology required to make personal communicators live up to expectations are still wanting. And cellular telephone networks do not yet provide a reliable medium for wireless

data communications. Sending data on the move is particularly prone to problems. Eventually, Europe's GSM digital cellular system and the growth of Cellular Digital Packet Data systems in the US should provide a more reliable method of sending data, but these are some years off.

and anywhere" is Eo's goal but do not even think of using a personal communica tor on an airline flight. Although the manufacturer suggests that busy executives will be able to prepare notes and messages during a flight and then send them when the aeroplane lands, this will depend upon the dispensation

However, only about 10 to 20 per cent of buyers of the first generation of personal communicators are expected to opt for the add-on cellular telephone link, Eo says. Most users, therefore, will have to find a telephone jack to plug in their personal communicator, making on the move communications less convenient.

The fundamental weakness of these early versions of the personal communicator lie, however, with the limitations of today's hand-writing recognition programs. Like all "pen computers", Eo's personal communicators are irritatingly poor at reading the hand-written word, frequently misinterpreting even carefully printed characters. With some practice, users can improve their ability to write clearly on a computer slate, Eo maintains, but it takes some getting used to.

Instead, many "mobile prossionals" may for the time being opt for a conventional and cheaper notebook commodem. If you have to sit down by a telephone to send and receive your messages, then tapping out notes and commands on a keyboard

becomes less of a drawback. Like early personal computers. Eo's first generation of personal communicators promise more than they can yet deliver. In its rush to be first to market, the company appears to have jumped the





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Notice is incoby given, pursuant to Section 48 of the Insolvency Act 1986, that a meeting of the condition of the above named company will be held at The Grand Hotel, Columer Row, Birminghen 83 2DA on 24 Nevember 1992 at 10.00 am for the purposes of theiring haid before it the report purposes of theiring haid before it the report purposes of theiring haid before it the report purposed by the Joint Administrative Roseivers in accordance with the said Act and, It thought fit, appointing a Composition. Creditors who are purly sected on the second control way only to respect of the

to situal or won at the mening. Confines who as pardy section may only won in respect of the balance of the amount due to them after deducting the value of the section; as estimated by them. A confine in respect of a clock due on, or secured by, a bill of exchange or promisency note must treat the liability of any person who is liable on the bill antecedently by the company as a security hold by him (makes that other person is activate to a balancester order or in licensistation). security held by him (mines; that other person is subject to a bunkrupty order or in liquidation). Creditions wishing to vote at the meeting amost lodge a wishing to work at the meeting amost at Code Gally, 43 Temple Row, Himmigham, B2 317 to later than 12 acces on 23 Nevember 1992. Perms of property, if sinsteads to be need, most ske be lodged with us by that thee, (Pened copies are not acceptable.)

Inn N Countbox, John Administrative Receiver

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October 1952. Name of

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Raic 3.2 Notice of appointment of

ed number: 1202264. Nature of but duntfacture and installation of heating and emiliated systems. Trade classification 27, Date (appointment of Administrative Receivers: 18 Bent: PAC. John Administrative control of Vocate (office helder manber 2041)
Address: Goth Gelly, PO Ben 262,
Orchard House, 10 Albino Piaco,
Maldence, Rent M514 202, n ilex majesty's high court o Justice of the Isle of Man

IN THE HIGH COURT OF JUSTICE OF Chancery Division
IN THE MATTER OF MONUMENT MARINE AND GENERAL INSURANCE COMPANY LTD

ACT 1985 (ENGLAND AND WALKS) THE COMPANIES ACT 1931 (ISLE OF

and In the Matter of Sale tilkey plc

and
IN THE MATTER OF THE COMPANIES IN THE MATTER OF THE COMPANIES ACT 1985 (ENGLAND AND WALES) NOTICE 15 HEREBY GIVEN that on the 30 September 1992 the Scheme of Arrangement between the first above-named company and the Scheme Confiners for defined in the Scheme of Scheme Cheditors for defined in the Scheme of Armageness was succeed by the Scheme Cheditors. Cause 2.8 of the Scheme was anuadach to provide for the appointment of Relan Leafe Harvey as Flest Administrator in place of Graham Hickman Bolton. The Scheme was appointed with this amendment.

The separatio Scheme of Armageness between

approved was mis amendment.
The separate Scheme of Armagement between
the second above-named company and the
Courasies Credions (as defined in the Scheme of
Armagement) was approved without
modification by the Guarantee Creditors, 12

water being cast in favour of the Scheme and I wate being cast against.

PURTHER NOTICE IS HEREBY GIVEN that by Orders dated 21 and 28 October 1992 made in the above matter, the Courts have approved the Schemes of Accengement. The Effective Dets (as defined in the Scheme of Accengement) for both Schemes will be 29 October, 1992. Dated 10 November, 1992.

NOTICE OF CREDITORS MEETING TORALES (LICEPIELD) LINGTED IN RECEIVERSHIP

THRALES (LICEPTELD) LINUTED

Notice is heavily given, passesse to Section 48 of the Insulvency Act 1966, that a meeting of the credition of the show mixed company will be held at The Grand Hotel, Colleger Row, Estimingham Ed 2DA on 24 November 1992 at 10.00 as for the purposes of November 1992 at 10.00 as for the purposes of November 1992 at 10.00 as for the purposes of November 1992 at 10.00 as for the purposes of November 1992 at 10.00 as for the purposes of November 1992 at the organization of the novice of November 1992 at the organization of the strend or who at the meeting. Credition who as partly seemed may only seem of the national or who at an approximate the held of exchange or purposed of the balance of the amount due to thour after deducting the white of the nationary, as entirested by them. A creditor in expect of a data due on, or sectived by, a bill of exchange or purpositiony note must ment the liability of any person who is liable on the bill anteredently to the company as a sensity hold by him (indees that other person is subject to a businessity order or is liquidation). Creditors wishing to vote at the macting must lodge a without interment of their clutters with us at Code Guilly, 43 Temple Row, Estrainghous, 82 SIT no later then 12 noon on 23 November 1992. Forms of person, if heartender 1992 for least of the 4 November 1992 for least the 4 N

PUBLIC NOTICE

PIPE-LINES ACT 1962 ELECTRICITY & PIPE-LINE **WORKS (ASSESSMENT OF** ENVIRONMENTAL EFFECTS) **REGULATIONS 1990** APPLICATION FOR

PIPE-LINE CONSTRUCTION AUTHORISATION OVE ARUP & PARTNERS -PROPOSED SUTTON BRIDGE TO SUTTON BRIDGE POWER

STATION NATURAL GAS CROSS-COUNTRY PIPELINE Ove Amp & Pastners hereby give notic Ove Amp or remains mentally in accordance with the provisions of Part 1 of Schedule 1 to the Pipe-lines Ac 1962 and the regulation 7(3) of the Electricity and Pipe-line Works (Assessment of Environmenta Regulations 1990, that an appli the made to the Secretary of State for Trade and Industry for the grant of orisation for construction of a cro

The proposed pipe-line, which is to be for the conveyance of Natural Gas is to run between British Gas, Gas Valve Compound, Bridge Road, Sution Bridge and Sustan Bridge Power Station.

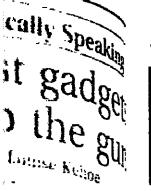
proposed route of the pipe-line ts of deviation of 200 metres on either sid accompanied the application) can be inspected during normal office hours in Room 3.M.1, Department of Trade and Industry, 1 Palsec Street, London SWIE

SHE, Saston Bridge, Public Library. Sutton Bridge Village Hall and at the offices of the following local anti-South Holland District Council, Prior; Road, Spalding, Lincolnshire. A copy of the Environ

may be obtained from IPG information Centra, Bridge Street, Satton Bridge Lincolnshist PE11, whilst stocks lest at a COST Of £20,00 cach.

Objections to this application should be made in writing, setting out the ground of objection and bearing the reference PX 75.706/21 and should be sent to the exercises of State for Trade and Industry at 1 Palace Street, London SWIE Sill arted FAO Mr G R T Cobb, Pipelin Administration) to arrive not later tha Tocaday Sib De

Ove Amp & Panners J. R. Hamilton 13 Fitzery Street





Women adopt more cautious approach

Women who set up in business are more cautious in their financial forecasting than men but are more likely to achieve their goals. Women expect to achieve an average turnover of £50,000 in their first year while men expect to reach £110,000, according to a survey by

NOP Corporate and Financial The difference cannot be entirely attributed to the different sectors which men and women choose to work in because retailing was the most popular sector for both sexes. the researchers said.

Men who originally expected their first year turnover to be £130,000 achieved only £120,000 in their first 18 months while women who forecast sales of £45,000 in their first year managed £75,000 after

Contact Allison Hewlett. Tel 071

Factoring business on the up and up

The difficulties businesses face in being paid on time prompted a sharp leap in levels of activity in the UK factoring industry. The 11 largest factoring companies, which make up the Association of British Factors & Discounters. reported a 12.5 per cent increase in clients' business volumes to £11.6bn in the first nine months of 1992. Business in the third quarter alone rose by 15 per cent

Factoring companies collected debts in an average of 62 days compared with 64 days a year

Age of the computer has yet to dawn

More than half of small businesses in the UK make no use of personal computers to improve their efficiency at work, according to a Mori survey for IBM.

In spite of the oft-proclaimed "workplace revolution" in the use of PCs, 53 per cent of businesses employing up to 10 people still manage involcing and accounts, letter writing and maintaining work schedules manually. However, 6 per cent of businesses are

considering buying a PC "in the short term".

Businesses in the south are far more likely to have or to be considering buying a PC than those in the Midlands and the north. Sixty-six per cent of southern businesses have or plan to buy a PC compared with 46 per cent in the north and 38 per cent in the

Of those firms which do not have a PC, only one in four believes it would help improve efficiency.

Hardly a ringing endorsement

A quarter of small businesses do not answer their phone even after a total of 15 rings, according to a survey of 7,000 small busine carried out by Thomson

Directories. Twenty-three per cent of ses contacted did not answer their phone within five and 15 rings while 26 per cent did not answer after 15 rings.

Guide aims to resolve cashflow problems

Poor cashflow management has been one of the main factors behind business failures in the present

Financing the Credit Gap*.a new guide produced by Griffin Factors and the CBI, contains advice, examples, checklists and charts to help ease and predict cashflow and profits.

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Buy-out activity continues to decline

The volume of large buy-ont activity has been sharply reduced by the recession but there has been a much smaller fall, just 10 per cent, in the number of smaller buy-outs where management takes a majority stake, according to a survey* by 3i, the venture capital

group.

The review of 188 buy-outs financed by 3i showed that the average price/earnings multiple fell from 7.5 to 6.1 per cent between 1989 and 1991.

Individual managers invested on average just £40,000 in their company while the average investment by management teams was between £100,000 and £150,000.

The average ratio of debt to equity (gearing) of the buy-outs was relatively constant over the three year period at 1.75:1. ement in the Majority. Marketing Department. 3i, 91 Waterleo Road, London SE1 8XP.

Charles Batchelor looks at a company that has adopted advanced manufacturing methods to take on the world

Burning ambition to succeed

he world is full of frustrated or redundant senior managers looking for the opportunity which will launch them in their own business. Most would prefer a market niche where, in the early stages at least, they can build a company without treading on the toes of larger, well-

established players. In late 1988 John Crathorne fitted the bill of the frustrated manager. However, Stoves, the company he now heads, does not, at first sight, match up to the specification of an

For Stoves, the revamped cooker manufacturing arm of Yale & Valor, is fighting for a place in a market dominated by multinationals. The kitchen appliance market is the almost exclusive preserve of global companies such as Sweden's Electrolux. Whirlpool of the US, Bosch Siemens in Germany and the Italian Merioni group (formerly Indesit).

These large companies have been developing global product ranges which currently dominate many national markets. Smaller compa nies with a narrower focus have either sold up or gone bust. Belling, a long-established UK manufacturer of electric cookers, recently folded though the business was subsequently acquired by Dimplex, a manufacturer of electric appliances. So how does Stoves, with projected 1992-93 sales of less than £35m

and a workforce of just 570 people hope to prosper, let along survive? Crathorne, a former executive chairman of Thorn EMI's major domestic appliance division. believes the large multinationals' perceived strengths are in fact their weakness Stoves, in contrast, concentrates

on cookers, modifying their design to meet the different cooking habits of each country. It has also adopted production control techniques more commonly found only in far larger companies.
"You can have a global dish-

washer, fridge or vacuum cleaner out cookers must reflect national cooking methods," he says. "UK housewives do more baking and want even browning. The French want a different heat balance. We may not know as much about white goods in general as Electrolux but we know more about cookers."

The original idea for an upmarket, British-made consumer durable came from Sean O'Connor, then a director of Lowe, an advertising agency, and now deputy chairman of Stoves. But it was Crathorne who narrowed the search down to cookers and who assembled a management team composed of senior managers from other large white

When Yale & Valor put its cookers division up for sale Crathorne won the backing of buy-out finan-ciers Candover for a £12m management buy-in. In 1989, Crathorne's team took a 30 per cent stake in the business, which is based at Prescot on the edge of Liverpool. "It was a shell-shocked site, desperately under-invested," says Crathorne. The employees had long since stopped trusting the management."

One of the first steps of the new

747

Stoves

management was to move from a line assembly system to one based on small groups or "cells" of workers responsible for the complete

towards a system of just-in-time delivery and supply. It developed closer links with its suppliers and reduced their number from 250 to just 50. Under the old system Stoves had 16 suppliers of steel and carried film worth of stock. It now has one supplier and carries £40,000 of stock.

assembly. The idea was to make the

job more interesting and to give the

workers responsibility for quality

control. Under the old system 70 per cent of cookers coming off the line

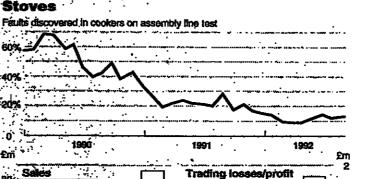
had defects. This figure is now

At the same time Stoves moved

down to just over 10 per cent.

It also began a switch from what Jeff Kane, manufacturing director and the sole member of the old Yale & Valor team to join the new management, calls "hard tooling" to the use of computer numerically controlled (CNC) tools. Formerly the company would make cooker chassis using heavy presses and welding methods. Design changes took months to implement and were very costly as new dies were made.

It now uses CNC equipment to bend, cut and punch the metal struts which make up the cooker frames and water pressure to shape



involving £400,000 in market research. The company has long been a big supplier to British Gas showrooms and to the caravan sector but Stoves has been working hard at developing new markets. Stoves continues to supply its Valor range to the lower end of the

market but it is pushing its more expensive Stoves range. Brand loy-alty is practically non-existent in



the sheet metal which forms the cooker ovens or "cavities". In the year before the buy-in the company introduced four new models. In the three years since it has launched more than 200.

Installing the new production equipment took longer than expected but it now gives the company far greater flexibility in developing new products. Introducing a new cooker design using old tooling could take two years and cost £100,000 but the company can now design a new cooker in just five weeks at a cost of £2,000, says Kane.

Stoves protects its products and processes by registering patents at the rate of one a month but believes that part of its defences depend on its manufacturing methods. A competitor could copy a design in six months but unless it had similar manufacturing processes it would have difficulty replicating the exact design, says Ben Gostelow, engineering director and a former design director at Electrolux.

This work on changing production methods has gone hand in hand with a marketing campaign

the cooker market, says Guy Weaver, marketing director, so the market place is wide open to the new entrant.

Crathorne's team has taken the company from a £4m loss before the buy-in to its first projected profit of more than £1m this year, despite a 30 per cent contraction in the UK cooker market. It expects to increase pre-tax profits to around £5m on turnover of £50m in two years' time, without any increase in

the size of its workforce. So far so good. But can the com-pany maintain this rate of improvement? As long as Stoves remains a small player it will probably be left alone but further growth may prompt a sterner response from the bigger companies.

While it has no immediate plans to increase the size of its workforce it may find that further growth increases the need for control of its independent "cell" structure. And can it maintain the productivity improvements achieved once the novelty has worn off?

An even more fundamental problem is that of the ownership of the company. The management is working to a five-year timetable to turn the company round after which time financial backers and the managers themselves may want to realise at least part of their investment. The danger is that Stoves would then be bought up by a larger com-petitor with the risk of losing the characteristics which have made it

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All enquiries to Roger M. Griffiths, Joint Administrative Receiver,

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GREEK EXPORTS S.A.

REPEAT TENDER FOR THE HIGHEST BID

GREEK EXPORTS S.A., with registered office in Athens (17 Panepistimion Street) and in its capacity as liquidator in accordance with article 46a of Law 1892/1990, as supplemented by article 14 of Law 2000/1991, following the written statement (Ref. No. 582 of 30/10/1992) of the creditor of para. 1 of the above article, that the offers

submitted are not considered to be in the interests of the creditors and in accordance with para. 11 of the same

announces

a repeat public tender for the highest bid with sealed, binding offers for the sale in toto of the assets of the company entitled HELLENIC MARBLES S.A. based in Aghios Stefanos, Attica, and is engaged in the quarrying, processing

and sale of marble and its by-products. The company installations are on a self-owned plot of land 48,387 m2 in

TERMS OF THE TENDER

1. To this end, interested parties are invited to receive the Offering Memorandum from the liquidator and to submit a sealed, binding offer to the notary public appointed to the tender, Mrs. Andriani-Dimitra Zapheiropoulou-Economopoulou at 18 Voukourestiou Street, Tel. (01) 361.8249 up to 3rd December 1992 at 1900 hours.

2. The bids will be unscaled before the above-mentioned natury on 4th December 1992 at 1000 hours in the

presence of the liquidator. All those who have submitted bids within the prescribed time limit are also entitled to be

The sealed, binding offer must clearly indicate the offered price for the purchase of the company's assets in toto

and must be accompanied by a letter of guarantee from a bank legally operating in Greece, to the amount of one hundred million drachmas (100,000,000 drs.) or the equivalent in US dollars (US\$).

. The Company's assets and all fixed and circulating constituent parts thereof such as immovable and movable

property, claims, trademarks, titles, rights, for mineral ore exploration, etc. are to be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date on which the sale

5. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law

1892/90 article 46a, para. 1 as in force), known hereafter as the majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale nor for the possible refusal of the State

to approve, as required, the transfer of elements of the assets, nor for their incomplete or faulty description in the Offering Memorandum and in any correspondence. In the event of inconsistencies, entries in the Company's books,

6. Prospective buyers hereinafter referred to as "Buyers" shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement

and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require

7. Bids should not contain terms which might prevaricate their bindingness or any vagueness concerning the offere

price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion to reject offers which contain terms and conditions,

contract is signed, regardless of whether the Company is operating or not, and with the proper legal procedures.

Bids submitted beyond the prescribed time limit will not be accepted and will not be taken into account.

The offer must be submitted in person or by the bidder's legal representative.

as they stand on the date of signature of the sale contract, shall prevail.

Blue chip customer base

orders anticipated of £1.35 million

Joseph Tipper Ltd.

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Joseph Tipper Ltd.

This long established West Midlands engineering company is involved in both traditional black ironmongery and the manufacture of bespoke aluminium and steel cabinets.

Principal features include:

- BS5750 Part # certification for cabinet division.
- Freehold property comprising 75,000 square feet of
- Dedicated foundry (details below).
- Fully equipped workshop.
- Highly respected supplier to the hardware trade.
- Skilled workforce.
- Annual turnover £3.5 m. Blue chip customer base.

Rawnsley Foundry Ltd.

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Rawnsley Foundry Ltd., a subsidiary of

This traditional West Midlands foundry company is involved in hand crafted castings for both Joseph Tipper Ltd and other customers. Principal features include:

- Long leasehold property comprising 9,200 square feet of
- accommodation.
- Highly skilled workforce.
- Library of original patterns. Home of the "Rawnsley" patterns.
- Annual turnover £300,000.

For further information contact the Joint Administrative Receiver. Alastair Jones, KPMG Peat Marwick, Peat House, 2 Cornwall Street, Birmingham B3 2DL. Tel: 021 233 1666. Fax: 021 233 4390.





offer for sale as a going concern the business and assets of Clark Taylor (Coal) division.

Principal features include:

- Well established solid fuel wholesalers. ■ Applied turnover \$7.5m
- Loyal and respected staff.
- Locations at Annan (Scotland), Gateshead and Exeter.

For further information contact the Joint Administrative Receiver, Geoff Adams, KPMG Peat Marwick, Maybrook House, Fax: 091 230 4647.

KPMG Corporate Recovery

The Hildenborough Motor Company Limited The Wadhurst Motor Company Limited

The Joint Administrative Receivers offer for sale on a going concern basis the business and assets of two Kent motor dealerships.

T/A Portners Hildenborough

- Major Volvo franchise dealership established 22 years
- Freehold site of 18,000 sq.ft.
- III. Turnover approx \$9m pa.
- T/A Partners Tunbridge Wells
- Major Citroen franchise dealership Freehold site of 12,000 sq.ft. purpose built
- Turnover approx \$4m pa.

Both sites have

- Substantial territories in West Kent
- Edensive customer base with corporate/fleet and private accounts
- Modern, fully equipped servicing areas and manufacturers approved body repair centre Fully integrated computer stock control systems linking to accounts function
- Skilled workforce with good admin support

For further information, please contact the Joint Administrative Receiver: Nigel Ruddock

*** ROBSON RHODES

The Galleria, Station Road, Crawley, West Sussex RH10 1HY. Telephone: 071 865 2555, Fax: 0293 537921. Authorised by the institute of Charlesed Accountants in England and Wales to carry on Investment business

Smith & Williamson

The Joint Administrative Receivers offer for sale the business and assets of HORWELL HOLDINGS PLC A R HORWELL LIMITED

CAMECO MEDICAL LIMITED The long established group is involved in the marketing and

- distribution of medical and laboratory products and features: ★ Freehold property in West Hampstead comprising 3,700 sq ft
- of office space and 12,000 sq ft of warehousing ★ Turnover £1m per annum
- ★ Substantial 3 month order book
- ★ Comprehensive and long established client base
- ★ Experienced and dedicated staff
- For details, contact Michael Stevenson or Ruth Duncan on 071-328 1551 or 071-637 5377 at the offices of Smith & Williamson No. 1 Riding House Street, London WIA 3AS. Fax: 071-323 5683. Smith & Williamson Chartered Accountants

Registered to carry on audit work and sudurised to earry on investment business by the Institute of Chartered Accountants in England and Wales

Smith & Williamson Securities Authorised institution under Banking Act 1987. Member of IMRO, Member of the British Merchant Banking and Securities Houses Association

- Northern Based Manufacturer of Niche Products for Autom and Aeromace Industries.
- Turnover £2M.

 Profit Before Tax c. £360k.
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- York Trust Limited, St. Paul's Hou Park Square, Leeds LS21 2PJ **BUSINESS FOR SALE**

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irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims or the outcome of court actions brought by the Company in this respect, or compliance with endations regarding the security of the installations, or for safeguarding the insurance cover, etc.

8. In the event that the person to them the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and fails to abide by the other obligations accruing from the present announcement, then the above-mentioned guarantee of our hundred million drackma (100,000,000 drs.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with no obligation on the liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as a penalty clause, and collect it from the guarantor bank.

Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.

). The highest bidder is deemed the one whose offer has been judged by the Liquidator and approved by the Majority Creditors as being in their best interests.

10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will be be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors. 11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from

their participation in the auction, against the Liquidator, for any cause or reason.

12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgagor's fees, rights and other expenses for drawing up topographical diagrams as required by law 651/77, etc.) are to be borne by the Buyer.

13. Those taking part in the auction will be committed to keep the enterprise operating.

For any information, interested parties can apply to: The head office of E.T.B.A. S.A.

Directorate of Public Holdings 87 Syngrou Avenue (2nd floor)

Tel. 30 1 92 94 395 and 30 1 92 94 396 and to

b) GREEK EXPORTS S.A.

17 Panepistimiou Street (1st floor) Tel. 30 1 32 43 111 to 30 1 32 43 115

STAINLESS AND SPECIALISED STEEL MANUFACTURING FACILITY

Camborne Industries ple

The Joint Administrative receivers offer for sale the business and assets of this manufacturer of

revolutionary stainless steel products.

Principal features of the business include:

· complete facility comprising hat rolling mill, dedicated tube mill, specification tube mill,

crushing and billet preparation and python press bespoke patented machinery for recycling and compacting scrap metal, and compacting

scrop metal in tube for recycling

Ilmited production of stainless steel products during commissioning
leasehold property based in Briton Ferry, South Wales
sale of assets and Intellectual property rights.

For further information piease contact Joseph P Considine of Cark Guily, Churchill House, Churchill Way, Cardill CF1 4XQ. Telephone: 0222 238823. Fax: 0222 345626.

Cork Gully is authorised in the name of Coopers & Lybrand by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Cork Gully

Alexandra Hotels PLC (T/A Bramley Grange Hotel) The Joint Administrative Research of the feesale, as a group concern, the business and assets of the above congrues Procquileatures of the hotel include Location 201 miles with its Capitalist

49 berkooms achiding 18 executive recens Set in 7 acres of land-caucil meants Annual tumover of apprex \$110 or "in-

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REPEAT CALL FOR TENDERS FOR THE HIGHEST BID

REPEAT CALL FOR TENDERS FOR THE HIGHEST BID

for the Purchase of Pactory for Raftigerators and les Making owned by "KAROLOS FIX" Brewery, ice and Mat Makers SA", of Athens, Greece.

"ETHNIKI KEPHALEOU S.A. Administration of Assets and Liabitities" of 1. Skouleniou street, Athens, Greece, in its capacity as Liquidator of "KAROLOS FIX Brewery, ice and Mait Makers SA" a company having its registered office in Athens, Greece the "Company", which is presently under the status of special squidation according to the provisions of article 46s of Law 1892/1990 is announcing repeat tenders
for the highest bid by subnission of seeled blading offers for the purchase by public auction (the "Auction") of the group of assets of the Company, compased of the Factory for Raffigerators and ice making, in Pinasus.

BRIEF INFORMATION ON THE COMPANY AND THE FACTORY: The Company was founded in 1827 and was involved in the production and trade in

Company was founded in 1927 and was involved in the production and trade in connection with brewary, ice and melt making. With the exception of the factory for retrigerators and ice making, the operation of the Company has ceased since 1983, when it was declared under liquidation under Law 2190/1920 and subsequently under Laws 1386/1983 and 1892/1990.

The Company's Factory for Refrigerators and ice making is the only production unit of the Company still in operation. It is profitable and the number of personnel amounts to 22. The facilities are located in Pirasus on a land of 4,075 m and include 3 buildings.

OFFERING MEMORANDUM-FURTHER INFORMATION: Interested parties

nay obtain an Offering Memorandum and any further information, upon tracution of a confidentially agreement. rescution of a confidentiality agreement.

TERMS AND CONDITIONS OF THE AUCTION

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not Submission of binding offers shall mean acceptance of

mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.

2. Binding Offers: For the participation in the Auction interested parties are hereby invited to submit binding offers, not later than the 7th December 1992, 12.00 hours to the Athens Notary Public Arma Tsafara, address; 10-12 pippocratious Str., Athens, tel.: +30-1-361.95.83 or 384.31.38. Offers should expressly state the offered price and the detailed terms of payment (in cash or in Instalments, mentioning the number of instalments, the dates thereof and the

proposed annual interest rate). Binding offers submitted later than the prescribed time limit, as referred t ove, shall neither be accepted nor considered. The offers shall be

inding until the adjudication.

Lighters of Guerantee Binding offers must be accompanied by Letters of 3. Letters of Guerantee Binding offers must be accompanied by Letters of guarantee, issued, in accordance with the draft form of letter of guarantee contained in the Offering Memorandum by a bank legally operating in Greece to be valid until the adjudication, for an amount of drs, titly million (50,000,000). Letters of guarantee shall be returned after the adjudication, in the event of non-compilance with the provisions and other terms and conditions referred to in paragraph 1 hereof, the letters of guarantee shall be forfeited as a penalty.
4. Submissions: Binding offers together with letters of guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a city authorised green.

submitted in sealed envelopes. Submissions shall be make in person of through a duly authorised agent.

5. Envelopes containing the binding offers shall be trassaled by the above mentioned Notary Public in her office, on the 7th December 1992, at 13.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unseeling of the binding offers.

6. As highest bidder shall be considered the participant whose offer will be judged, by the 51% of the Company's creditors (the "Creditors"), at their absolute discretion, upon suggestion of the liquidator, to be in the best interests of all of the creditors of the Company. Mention is made that for the purposes of evaluating an offer proposed to be paid in instalments, the present value evaluating an offer proposed to be paid in instalments, the present value thereof shall be taken into account, which shall be calculated on the bases of a discount interest at an armuel rate of 28% compounded quarterly or yearly. concurs represent an arrange rate of 20% compounded quartery or yearly.

7. The liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer end/or any other improved berms which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon execution of the contract of

sale.
8. Mention is hereby made that special additional terms shall apply in respect of the sale of the Factory for Retrigerators and fee making, in view of the fact that said production unit is in operation and will be sold and that the current assets are subject to daily variation. Such special terms are included in the "Terms and Conditions of Sale" contained in the Offering Memorandum and refer to the consideration of the binding offers in relation to the value of the current assets, the transfer of the current assets and a possible arrangement in respect of the variation of the current assets during the period between the evaluation of the offers and the execution of the contract of sale.

9. All coets and expenses of any nature in respect of the participation and the

version or the current assets claimly the period between the evaluation of the offers and the execution of the contract of sale.

9. All costs and expanses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shell be exclusively borne by the participants and the purchaser respectively.

10. The liquidator and the Creditors shall have no (lability nor obligation whatsoever towards the participants in relation to the evaluation of the offers of the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings and the making of the Auction. The liquidator and the notary shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for adjudication nor the participants shall acquire any right, power or claim from this hwitation end/or their participation in the Auction against the liquidator and/or the Creators for any reason whatsoever.

11. This invitation has been drafted in Greek and translated in English. In any event the Greek version shall prevail.

For obtaining the Offering Memorandum and for any further information please apply to the Liquidator's agent: Mr. Nicolaos Barbarassos, address: 59, Panepistimiou str., ATHENS 105 63, tel.: +30-1-321.90.60 or 321.88.80 or 323.14.84, fac: +30-1-321.79.05.

Smith & Williamson

The Joint Administrative Receivers offer for sale the business and assets of

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★ Well refurbished with a

Victorian ambience ★ 24 hour porterage

★ Turnover £400,000 pa

★ Full planning permission for additional 5 bedrooms each with en suite ★ Turnover £200,000 pa For details, contact Peter Mills or David Knight on

071-637 5377 at the offices of Smith & Williamson, No. I Riding House Street, London W1A 3AS. Fax: 071-323 5683. Smith & Williamson Chartered Accountants Registered to carry on studit work and authorized to carry on investment business by the Institute of Chartered Accountants in England and Wales

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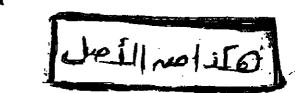
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company with good local reputation. Canable and loval staff

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One Southwark Bridge, London SR1910.



AGF

/ irec

PEUF L. Lucas fills the Edwards gap apprentice and moved of the aerospace and car RB211 engine assembly i early 1970s. Before become project manager of the company

swiftly to replace Tony Edwards, the head of its aerospace division who abruptly decided two weeks ago to move to TI Group.

The company has appointed Frank Turner, an old hand at Rolls-Royce, the aero-engine and industrial power group, to take over as managing director of its aerospace activities.

Turner, the current director of Rolls-Royce's civil engine business and a well-known figure in the aerospace industry, will also join the Lucas board at the end of this month.

Bodies politic

elected unopposed to succeed Lord Williams QC as chairman

Rowe, 56, has identified five

areas on which he will focus during his year in office. He

schemes around the country

before employment, welfare and immigration tribunals for

■ John Rowe QC has been

of the Bar for 1993.

wants to set up free

representation and advice

to help people with cases

which there is no legal aid;

civil and criminal courts;

training at the Bar, and.

consolidate the Bar's equal

opportunities policy; improve standards of education and

Now is not the optimum time to become the finance director

of a building society. The best

hope of Alistair Dales, who will

become finance director of

Nationwide Building Society in January, is that things will

have calmed down by then

after what he expects will be

"a rocky couple of months".

Dales' short-term pessimism about society results due

before the end of the year is

balanced by a suitably caut-

ious optimism about the longer

term. He believes societies are

"on the way to the road torecovery" from difficulties cre-

ated by the slump in the domestic housing market.

cut costs and delays in both



Aged 49, the Yorkshire-born Turner (above), has spent his entire working life with Rolls-Royce. He started as an

Called to the Bar by Middle Temple in 1960 he practised on the Northern Circuit, based

in Manchester, until he took silk in 1962. He is also a

member of the Irish Bar. He

has a general practice specialising in fraud, personal injury and medical negligence

cases. Between 1980 and 1982

■ John Cartwright, former SDP

he was standing counsel for the Inland Revenue and he

served on the Parole Board

member for Woolwich, has

been appointed a member of the POLICE COMPLAINTS

■ David Oake, former sales and marketing director of The Stewart Company, has been

marketing at the BRITISH HARDWARE &

Dales succeeds Hodson at Nationwide

He will succeed Daniel Hod-son, deputy chief executive and

finance director of the society,

whose appointment as chief

executive of the London Inter-

national Financial Futures

Exchange was announced at

the end of last month. But he

is keen to dispel any notion

that the change will lead to a

radical change of direction.
The most that Dales, aged 43

and currently divisional direc-

tor for finance and controls, contemplates is "tweaking a

couple of things at the edges".

carry on the policies of Hod-

son, who recruited him from Morgan Guaranty to Nation-

appointed director of

from 1987 to 1990.

apprentice and moved on to become project manager of the RB211 engine assembly in the early 1970s. Before becoming director of the company's civil engine business, his posts included financial controller manufacturing, general manager production, director of manufacturing for civil engines, director, company manufacturing engineering, and of industrial and marine. A strong marketing man, he was closely involved in Rolls-

Royce's efforts to expand its civil engine range and increase its market share at the expense of the UK company's two US rivals, Pratt & Whitney and General Electric.

ASSOCIATION.

David Gilchrist, general

development, of the Halifax Building Society, has been appointed a member of the

NATIONAL CONSUMER

■ John Stevens, formerly head

of the Manpower Division of

the National Economic Development Office, has been

appointed director of professional policy at the INSTITUTE OF PERSONNEL

Tony Beechey has been

appointed executive chairman of the BRITISH MARINE

INDUSTRIES FEDERATION:

he was formerly a director of

Dynamic Engineering in the

wide in 1989. But he is not

above expressing public admi-ration for the "degree of cre-

ativity" shown by other societ-

ies in trying to stimulate sales,

and rent repossessed proper-ties: "There is a lot to be done,

but there is a lot of creativity

out there, and a commitment

to get things sorted out."
Tim Melville-Ross, the society's chief executive, is full of

praise for Dales' range of experience at Morgan Guaranty in Brussels, Amsterdam and Lon-

don. But his main task for the

moment will be the hard graft

of cutting costs and improving

operations in the traditional

US and was also Honorary British Consul in Virginia.

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"Richards" Finecloth Factory (Gyor, Hungary) is liquidated without legal successor. The plants and the total property of the factory will be sold for an amount of approx 19 million DEM (total). The tender documentation can be obtained (price 150 DEM + post charge) from the liquidator: INTERMANAGER Management Consultation and Property Controlling Ltd., 11-1531 Budapest, POB 34, Telefax 36-1-1558993 or 36-1-2024137. Tender closing date: 30th Nove 1992. The applicant cannot de

AUCTIONS

21.52 g

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Treuhandanstalt (The government agency privatising eastern Germany property)

Third Tender for the sale of

AGRICULTURE ESTATES and INDUSTRIAL OBJECTS

plants in Eastern Germany

Object-number, -name, location (in brackets: Main area of expertise [changes are generally possible]/size with average soil point number)

Mecklenburg-Volponiniem

(LW-67) Estate Radegast/Behrenshagen of the Gut Satow GmbH i.A. O-2574 Satow (Market crops, formerly sheep breeding / approx. 501 ha, 471 ha of these are plowla 45 soil points and 18 ha grassland)

(LW-68) Estate Miekenhagen of the Gut Satow GmbH i.A. O-2574 Satow (Market crops, fodder, dairy cattle/approx. 479 ha, 434 ha of these are plowland of 40 soil nts and 26 ha grassiand) (LW-69) Estate Gerdshagen of the Gut Satow GmbH i.A. O-2574 Satow

Williamson

(Market crops, formerly cow fattening and pig lattening/approx. 229 ha, 209 ha of these are plowland of 40 soil points and 12 ha grassland)

(LW-70) Estate Rosenhagen of the Gut Satow GmbH I.A. O-2574 Satow (Fodder, formerly dairy cattle and cow lattening/ approx. 301 ha, 273 ha of these are plowland of 40 soil points and 18 ha grassland)

(LW-71) Animal breeding Leppin GmbH O-2151 Leppin (Market crops, formerly sheep breeding/approx. 1,013 ha, 781 ha of these are plowland of 42 soil points and 146 ha gra

(LW-72) Estate Sophienhol of the Gut Loitz GmbH LA. O-2033 Loitz (Market crops, fodder, formerly dairy cattle and pig fattening/approx. 476 ha. 346 ha of these are plowland of 39 soil points and 115 ha

(LW-73) Estate dairy cattle of the Tierzucht Groß Stieten GmbH (Market crops, fooder, dairy cattle/approx 300 ha, 168 ha of these are plowland of 39 soll points and 120 ha grassland) (LW-74) Plant production operations of the Tierzucht Groß Stieten GmbH O-2401 Groß Stieten (Market crops, fodder/approx. 177 ha, 150 ha of these are plowland of 50 soll points and 20 ha

(LW-75) Estate Großen Luckow of the Agrangut GmbH Großen Luckow O-2051 Großen Luckow ket crops, fodder, dairy cattle, piglei ding/approx. 628 ha, 508 of these a plowland of 47 soll points and 36 ha gra

(LW-77) Estate Rothenmoor of the Agrargut GmbH Großen Luckow

LW-78) Estate Schonow/Jamikow of the

(LW-79) Kleptow operations of the Tierzucht Klockow GmbH

O-213f Klockow (Market crops, formerly fodder, sheep/approx.

W-80) Tierzucht Groß Langerwisch GmbH C-1921 Groß Langerwisch
(Market crops, fodder, daily cattle, sheep/
approx. 518 ha, 387 ha of these are plowland of
43 soil points and 90 ha grassland)

(LW-81) Gut Ressen GmbH O-7531 Ressen (Fodder, dairy cattle/approx. 347 ha, 308 ha of these are plowland of 26 soil points)

(LW-76) Estate Berz/Bockholt of the Agrargut GmbH Großen Luckow O-2051 Großen Luckow (Market crops, lodder, breeding cows/approx. 362 ha, 119 ha of these are plowland of 39 soil points and 157 ha grassland)

Agrargut GmbH Grosen Luczow
O-2051 Großen Luckow
(Formerly market crops and fodder, grazing
center, dairy cattletapprox. 465 ha, 254 ha of
these are plowland of 32 soil points and 176 ha
grassland/Possible use: tourism, hunting)

Brandanderge with the property of the property

(LW-78) Essaus Schonowijamskow of the Gut Blumberg GmbH i.A. O-1321 Blumberg (Market crops, fodder, young cow raising/ approx. 723 ha, 549 ha of these are plowla 33 soli points and 168 ha grassland)

765 ha, 614 ha of these are plowland of 52 soil points and 90 ha grassland)

(LW-82) Estate Landhoi Wriezen of the (LW-96) Estate Latitative Whater of the Gut Whiszen GmbH LA. O-1313 Whezen (Market crops, lodder, pig lattening/approx. 303 ha, 222 ha of these are plowfand of 27 soil points and 45 ha grassland)

(LW-83) Estate Rosenhagen of the Gut Perleberg GmbH I.A. O-2910 Perleberg (Market crops, fodder, dairy cattle, young cows/ approx. 226 ha, 158 ha of these are plowland of 45 soil points and 50 ha grassland)

(LW-84) Gut Lebusa GmbH Q-7901 Lebusa (Market crops, fodder, dairy cattle, cow bree-ding/approx. 513 ha, 344 ha of these are plow land of 34 soil points and 166 ha grassland)

(LW-85) Gut Lychen GmbH LA. O-2093 Lychen/Türkshof (Formerly market crops, piglet production, sheep breeding, many buildings existrapprox. 169 ha, 108 ha of these are plowtand of 24 soil points and 13 ha grassland)

(LW-86) Gut Görlsdorf GmbH i.A. (Market crops, formerly dairy cattle and pig fattening/approx. 1,666 ha; 1,231 ha of thes are plowland of 40 soil points and 272 ha

tland (partial purchase possible))

(LW-87) Estate PrieBnitz of the Gut Kohren-Sahils GmbH i.A. O-7234 Kohren-Sahlis (Formarly market crops and lodder/approx. 120 ha, 104 ha of these are plowland of 55 soll points and 14 ha grassland (area exch. neighbors is possible))

Gut Rodersdorf GmbH i.A. Q-9901 Rodersdorf merket croos, dairy cattle/appro (Formeny market Uses are plowland of 25 to 50 soil points and 60 ha grassland/Possible use: gastronomy) (LW-89) Estate Geilsdorf of the Gut Rodersdorf GmbH i.A.

(Formerly market crops/approx. 170 ha, 127 ha of these are plowland of 31 to 55 soil points and 32

sland/Possible use: gastronomy, tourism)

(LW-88) Estate Rodersdorf of the

Q-9901 Rodersdorf

(LW-90) Estate Schwand of the Gut Rodersdorf GmbH i.A. Out reposition Gribol DA.

0-9901 Rodersdorf
(Formerly market crops and pigs/approx. 78 ha,
65 ha of these are plowland of 33 to 47 soil
points and 6 ha grassland)

Thuringen (LW-91) Estate Ottenhausen of the Gut Wasserthaleben GmbH i.A. Q-5401 Wasserthaleben

INDUSTRIAL OBJECTS

(Formarly market crops and todder, formarly cows/ca.176 ha, 171 ha of these are plowlar of 56 soil points and 2 ha grassland larea

ange with neighbors is possible))

(LW-92) Wochowsee manor O-1233 Wochowsee (Former riding school and gardening company, areas on the lake/approx. 209 ha, 46 ha of these are plowland of 27 soil points, 49 ha grassland/Possible use: gastronomy, tourism)

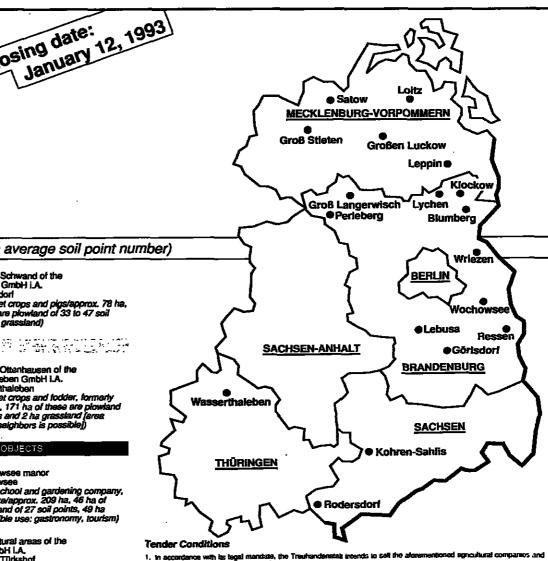
(LW-93) Agricultural areas of the Gut Lychen GmbH I.A. O-2093 Lychen/Türkshof (Former company building/2,900 sqm/Possible use: industrial estate)

(LW-94) Tourism center of the Gut Lychen GmbH i.A. O-2093 Lychen/Turkshof arround lake/approx. 13 ha/Possible use: riding

(LW-95) Agricultural area in the yard area and park of the Gut Wassenhaleben GmbH i.A. O-5401 Wassertraleben (Unused buildings in the village/approx. 20,000 sqm/Possible use: housing or industrial area, recreational park)

(LW-96) Agricultural area of the Gut Wasserthaleben GmbH i.A. O-5401 Wasserthaleben (Unused area in the village/approx. 9,000 sqm/ Possible use; industrial area)

i.A.: in reconstruction



Tender Conditions 1. In accordance with its legal m

 bids for an estate must be for its total assets (buildings, equipment, and real estate), with inventory and standing crop c) bids for an industrial estate must be for the real estate and buildings 2. Anyone is emided to bid. In deciding among the bide, the Treubendanasak will take into consideration, among other things, the bid pince, the busin plan submitted, commitments to maintain or create jobs, and pledges to invest, each of which will be considered part of

ed parties can obtain company and estate profiles without charge from the Contral Tender Office of the Trechands uhendanstell is not responsible for the accuracy and completeness of this information. Prospective bidders will n suchorization from the Central Tender Office to visit the companies and/or estates on the basis of which add fon will than be provided by dompany and/or astate management. End for visiting: December 23, 1992.

5. Bids are to be submitted in a sealed onvelope marked only with the name of the company or estate for which the bid is submitted. Bids must be neceived at the Treuthandanssalt, Lepziger Str. 5-7, O-1080 Berlin, Germany, not later than 2 p.m. (local lime), on January 12, 1993 (the "closing date"). They will be opened immediately thereafter in the presence of a notary public Bids must be in Detache Mark and shall remain valid for ninety (90) days after the closing date.

7. Bide must be accompanied by a bond of five (5) percent of the bid vidue in the form of an irrevocable bank guarantee valid for rinety (90) days after the clocking date. The bid bond will be forfelted if the bidder eithor bits to held its bid open during the required period or refuses to sign a contract in accordance with its bid.

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City solicitors ride the recession

British charges have not been cut and they compare unfavourably with big US firms, argues Robert Rice

really the most expensive in the world, charging \$235 an hour more than their US counterparts? Recent evidence suggests the answer to both

First, the International Financial Law Review produced figures which showed the average hourly rate for legal advice from a partner in a top City of London law firm has risen by 20 per cent over the last 12 months to \$585 per

The top rate for a partner in the most expensive Wall Street firms was \$350 per hour and the average hourly rate for partners in US law firms was \$230 (see

re British companies company secretary, speaking at the paying too much for legal English solicitors' annual services? Are the UK's conference in Birmingham last month, attacked "unrealistic" commercial law firms for their failure to reduce their charging rates during the

> Finally, a Gallup survey of 200 large and medium-sized UK companies published yesterday revealed that 57 per cent of companies using London law firms and 48 per cent of all the companies surveyed felt they were paying too much for legal

Thirty-four per cent said they had been overcharged by lawyers in the past two years.

The case for the prosecution looks strong but does it stand up to cross-examination? Mrs Newbold stands by her criticism but is quick

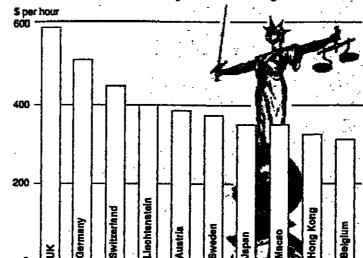
problems with the law firms it

The company is large and sophisticated enough and has sufficiently experienced in-house lawyers to drive a hard bargain on directed at companies which did not have this experience or negotiating

She knows of "a number of City law firms" which "it would not be fair to name" charging £450 per hour for advice. "That is totally unrealistic.

Industry is having to be realistic. Top management have had to take pay cuts. How many senior law firm partners have taken a drop in their real income in recent

Mr Barry O'Meara, ICI's deputy group solicitor, believes that if companies are being taken The world's most expensive lawyers



their own fault. They must learn to treat legal services like any other raw material. They would drive a hard

bargain when buying widgets; why not when buying legal advice?" he The solution is to keep a tight rein on how the law firm does the work. "Any businessman who gives

a lawyer a free hand is a fool," he

key to ensuring that law firms staff the job correctly, do not follow irrelevant lines of inquiry and that the correct level of lawyer is assigned to it.
Mr Peter Hall, general counsel for

More O'Ferrall Adshel and chairman of the Law Society's commerce and industry group, says that, although there is now a much greater awareness among amercial law firms of the need to

Rome treaty's free movement of

goods rules, to maintain cultural

and religious values, subject to

objective justification and propor-

tionality. Judgment in the B&Q

case (C-169/91) referred to the ECJ

by the House of Lords is expected

Another test case moving through

the Court at the moment is the Ver-

eniging Veronica Omroep case

(C-148/91). It concerns the compatibility with treaty rules on free movement of capital, establishment

and services, of the Dutch television

broadcasting authorisation rules. The Dutch law restricts the busi-

ness activities and investment free-

dom of licensed operators to achieve

pluralistic and cultural objectives.

Advocate General Tesauro will

deliver his opinion to the Court on

shortly.

November 18.

concern among his members about the level of costs in the middle of a

He says one consequence of erceived overcharging by City law firms has been a shift of routine work out of London to the large provincial law firms, where it can often be done to the same standard at half or one-third of the cost. This is borne out by the Gallup

What about the case for the defence? City law firms are still remarkably touchy on the subject of fees. Linklaters & Paines, the UK's second biggest law firm, is adamant that the days of law firms imposing fee structures and hourly rates on their corporate clients are long

Everything is negotiable, including fixed fees, success fees, premium rates for technically demanding jobs, low rates for routine work, and discounts where deals fall apart.

What about the accusation that

UK lawyers are the most expensive in the world? Mr Ken Walder, British Petroleum group general counsel, says the apparent difference between the hourly rates of UK and US firms is largely a product of the dollar exchange rate. The difference between the two has narrowed considerably with the pound at \$1.53.

He adds that methods of billing are very different, but that he would be "astonished" if he got a hill from a TIK firm for almost twice the amount charged for similar work by a US firm.

Linklaters would not dispute that. But it adds that UK lawyers only charge "a fraction" of the hours billed to clients by US lawyers each year, so a comparison of hourly rates is meaningless. The International Financial Law Review figures are simply not comparing like with like.

This is not an argument which cuts much ice with Mr Bruce Buck, the senior London partner of New York law firm Skadden Arps Slate Meagher & Flom. "If they are billing less hours and at the end of the day the client is not paying any less. then they are simply billing less hours at a much higher

Wherever the truth lies in this debate, commercial lawyers still need to beware. The Gallup survey revealed that 47 per cent of the companies questioned felt their accountants had provided the best service over the past 12 month, compared with only 36 per cent who rated their solicitors as the

multi-disciplinary With professional partnerships just HAMBERS, around the corner, perhaps the BRUSSELS writing is on the wall.

charging, there is still widespread | LEGAL BRIEFS



Atlantic Computers disclosure

Spicer and Oppenheim (now part of Touche Ross) has lost its battle to avoid handing over to the administrators of British & Commonwealth Holdings all books, papers and other records relating to B&C's 1988 acquisition of Atlantic Computers, the collapsed computer leasing

company.
Atlantic went under in April 1990 with a deficiency in its assets of some £279m, shortly before B&C itself went into administration. B&C's administrators felt there were "serious questions" about representations made to B&C at

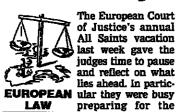
the time which needed answering. Spicers argued that, under the 1986 Insolvency Act, it only had to hand over sufficient information to the administrators to "reconstitute the state of the company's knowledge" if it had remained solvent.

The Law Lords disagreed. The protection offered by the act lay not in limiting the category of documents but in the fact that the person applying for a production order had to satisfy the court that it was justified, and that it would not impose an unreasonable burden on the person concerned. The application was not necessarily mreasonable because it was inconvenient for Spicers, or might provide ammunition for a claim against it.

Fraud in firms

ouche has been offering advice on how to tackle the growing problem of fraud by solicitors. Among its suggestions to the Law Society are: each firm to maintain a specific level of partner's capital: compulsory review of a firm's management systems before it is allowed to hold clients' money; and partners to confirm compliance with accountants' reports rules.

UK judge explains Court's balancing act



All Saints vacation last week gave the judges time to pause and reflect on what lies ahead. In partic-EUROPEAN ular they were busy LAW preparing for the celebrations to

mark the ECJ's 40th anniversary. On December 4, the president of the Court, Judge Ole Due, will host an anniversary meeting attended by. among others, his counterparts from the Commission and the Parliament and, as a representative of the UK presidency of the Council. Lord Mackay, the Lord Chancellor. States' rights
The UK judge, David Edward,

speaking to the UK Association for European Law in London on the subject of "member states' rights", outlined how the Court sees its current role against the backdrop of recent historical and political devel-

opments in Europe.
He reminded his audience that the EC legal system is not static but nomic trends around it.

Until another institution undertook political responsibility for the Community, the Court would continue to be criticised for its role, not because it is a political court but because the issues which it deals with are political, he said.

The economic and political dimension are relevant to the Court's decision-making. The risk of legal incoherence would continue as long as it was the ECJ which had to fill the political vacuum in the

Relying on the flexible nature of the Rome treaty's constitutional charter, the Court's approach to its task was increasingly expressed as a balancing of the different economic and political interests repre-sented by the Community, the member states and individuals, Judge Edward said.

Coloroll pension trustees case Judge Edward stressed the importance for international business of tracking the development of this balancing exercise over the coming months, as important cases in the fields of the internal market, compe-

tition, state aids and state monopolies come before the Court.

Judge Edward referred, for example, to the Coloroll Pension Trustees case (C-200/91) which follows on and seeks clarification of issues raised by the Barber case. Even if the Maastricht treaty's protocol limits the application of equal pay principles in the pensions context to after the Barber decision, many complex questions about the practical effects of equal pension rights remain to be

The Court will hear the case at the end of January next year, along with test cases from Germany and Holland which raise similar issues. The Court will therefore have the opportunity to clarify in a pan-European context the issues of retrospec-tion and the use of sex-based mor-

The Court must decide whether equality is required only for pension benefits earned by service since May 17 1990, the date of the Barber judgment, or for benefits which become payable after May 17 1990, whether they were earned by service before or after that date. The difference in the cost of these

Interpretations to British pension schemes has been estimated at

The court will also have to decide whether the equal pay requirements of the Rome treaty ban the use of mortality tables which reflect the differing life expectancy of men and women. If they do, annuities, taxfree lump sums, money purchase benefits and transfer values will all have to be calculated on a unisex basis. This is a requirement of the Equal Rights Amendment in the US, but is not usual in

As a measure of how important this case is to EC governments, the the UK, Ireland, Holland, Germany and Denmark, as well as the European Commission. The advocate general's opinion is expected by April and the Court's judgment just before the start of the summer vacation in July.

Sunday trading Judge Edward also cited the Sunday trading cases as examples of the Court's recognition of member states' rights, in the context of the

In total there are more than 700 cases pending before the ECJ. These include 340 cases commenced in 1991 and more than 350 cases already filed in the first nine

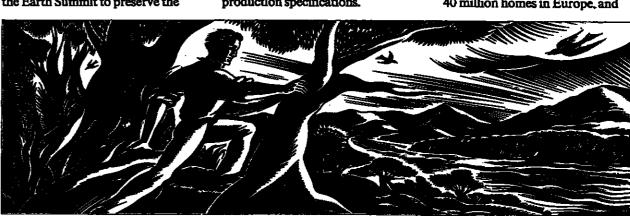
months of 1992. BRICK COURT CHAMBERS,

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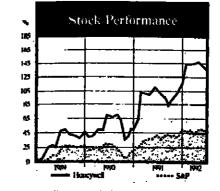
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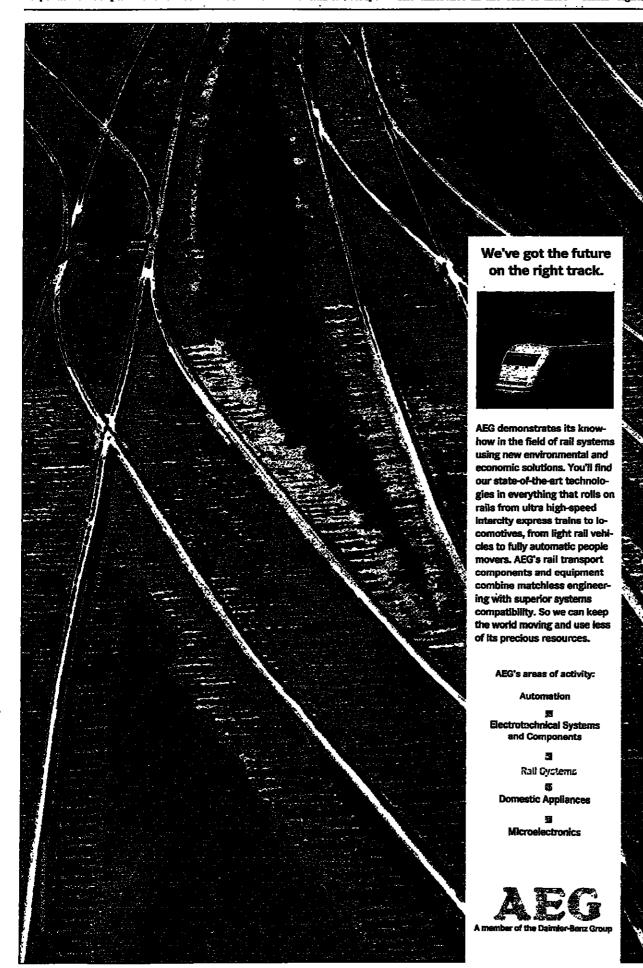
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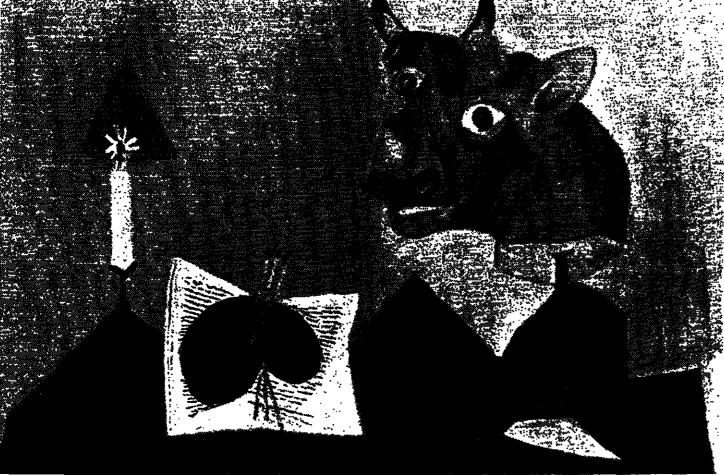
Honeywell

Share prices can fall as well as rise. Past performance cannot be relied upon as a guide to future performance.

Helping You Control Your World







'Nature morte avec une tête de taureau rouge', 1938, by Picasso

God among the pots and pans

William Packer admires the still-life paintings of Picasso

hould the myth still persist that Picasso was no more than this century's greatest charlatan and fraud, this exhibition at Paris should finally explode it. Its subject is Picasso as a painter, and occasional sculptor, of the still-life, and it fills two large galleries on one floor of the Grand

Given the size of the known oeurre, it would have been infinitely extendable. But the exhibition has been beautifully chosen, its scope perfectly balanced to its concentration. It has already been seen in Cleveland and Philadelphia and this is its sole European showing. There can be no better reason for getting to Paris before the year is out.

"God moves among the pots and pans", said Saint Teresa of Avila. Picasso made much the same point - himself in saying that "the most ordinary of objects is . . a vehicle for my thought - just as the para-ble was for Christ." The principle of much in little, of virtue in simplicity, of all the world in a grain of sand, is, in whatever guise, unanswerable. For the artist the still-life has been a focus of preoccupation since art began. The symbolic appurtenances of the hero or the attributes of the saint may have served the purpose of simple identification but, more than that, the flower at the foot of the Virgin, the lily in the hand of the Angel, brought back the story into the real

While there is no sign of rising

unemployment in the ranks of pia

of pianists who follow a double

career as conductors includes such

eminent keyboard players as Daniel Barenboim and Christoph Eschen-

bach, to whom in recent years we

have also had to add the name of

As his conducting duties have

grown, Kovacevich (previously

Stephen Bishop, then Bishop-Kova-

cevich) has been seen far less in

recital. A new recording contract

would, however, seem to be point-

ing him back in that direction. His

weekend appearance in a South

Bank piano matinée was a welcome

return, both to the Royal Festival

Stephen Kovacevich.

nists and conductors, the practice of job-sharing continues. The number

world, brought it quite literally down to earth.

Still-life became a distinct discipline during the more secular post-Reformation world. It is in relation to that movement that we can see more clearly the significance of Picasso. For the point of the still life, is that the artist is confronted by objects which are real, immediate and commonplace. The effect upon a true artist is to drain off all self-conscious cleverness and for-mality. The still life offers no model to flatter or seduce, no grand design to achieve, no patron to please. The work is done for its own sake, enabling the artist to try out ideas, to experiment, to analyse, understand and realise forms.

It is thus no accident that still-life should have been the staple of Picasso's work at the time of his most intense and private research, along with Braque, in the great Cubist adventure in the years around 1910. And how odd it is that all this highcubist nature morte, (as the French call it with conscious irony) that once seemed difficult and austere, should now appear to us rich, lively and beautiful-

Picasso's lifelong interest in stilllife is displayed at this exhibition: here are the bowls of fruit, the glasses, bottles, the pipes and papers, and the guitars. And ever present, too, is mortality as leitmotif, the skulls and heads, the fish and fowl for the table, nature morte

Hall and the sonatas of Beethoven, in which he was always respected.

that Kovacevich has mainly won his laurels. But even among the

it is in the classical repertoire

indeed. Such symbolism might seem especially poignant in the work of the early 1940s, for Picasso was in Paris throughout the Occupation. indeed, it is generally agreed that his work was especially dark and

gloomy during that time.

Here is a painting of late May 1940, of a fish and a crab apparently biting and clawing at each other, with the Battle of France still fiercely in progress and occupation by no means certain. And here is the "Téte de mort" of 1943, the image an abstracted death's head modelled and cast in bronze. Some of the most obviously angst-ridden works date rather from later 1930s, post-"Guernica" (his response to the anish civil war)and a time when his private life was particularly dis-rupted. Little is known of Picasso in Paris during the war. He was a distinguished neutral alien in his later middle age; materials no doubt were hard to come by, scope and palette alike necessarily restricted. I believe he simply kept his head down in difficult and gloomy times. Some wonderful things came out of this period, all as formally lively and wittily inventive as ever, some times even positively light-hearted. A grisaille of May 1941, than which one might think nothing would be gloomier, turns out to be of a coil of sausage, a bottle and artichokes upon a table, and the knives and forks springing out of the open drawer, like nestlings clamouring to

be fed. More soberly, the exhibition shows the life-long centrality of cubism to the work. Once established, it might rest for a while suppressed beneath the surface, but it was always present as a powerful and determining creative force.

The exposition of the young artist's development through the 1900s, from precocious talent to the mature and full achievement of cubism, affords the show's greatest thrill. The proto-cubist works of 1906 to 1909 in particular, as they move out of the shadow of "les Demoiselles d'Avignou" towards a more universal, less equivocal image and reference, are astonishing for their formal certainty and monumental character. In later periods Picasso would often achieve still life on the grand and monu-mental scale, but never would he surpass the achievement of those early years. The large canvas from Basle, of the table with its leaf down across the picture plane, its top established by bread and fruit and grey compotier, and more bread leant against the wall and the green curtain behind, turns the corner from Cézanne towards the modernism, in all its aspects, of our own time. It is, in its simplicity, one of the great paintings of the century.

Picasso et les choses: Grand Palais, Paris, until December 28; sponsored by United Technologies.

Theatre/Alastair Macaulay

Marlowe's 'Dr Faustus'

tre at its most superficial, with poor Marlowe's Dr Faustus served up as (a) style and (b) comedy.

Director Phelim McDermott and designer Julian Crouch have dressed Faustus, Wagner and other mortals in darkly drab Dickensian attire while the devils are kitted in modern suits and primary colours. (Mephistopheles is in bright yellow from head to toe.) The music, by John Winfield, is booming sub-Vangelis stuff that drowns many of the words. You do not see Helen of Troy, you just see wind pouring through a red-tunnel. And, thanks to the wind and the music, you can't hear what Faustus says about her, though this - "Is this the face that launched a thousand ships?" is the most famous speech in the

play.

The action all takes place in Faustus's study, a tall library stuffed with books - reminiscent of the set for the 1975 RSC staging (with lan Mckellen). An ensemble of seven plays all the characters other than Faustus and Mephistopheles, and

The Nottingham Playhouse has here an example of director's thea- They keep filing through the library various invisible-man tactics. And as if it were the British Library's Reading Room; they wear books as mortar-boards, they plant books down as stepping-stones, they flut-ter books in the air like birds, they pop in and out of their study's doors and windows and the perpetuate a constantly surreal, amusingly bizarre, atmosphere.

Thanks to them, the interest of

this Foustus is all on the sidelines.

The main event is the comic masque of the seven deadly sins. With grotesque masks and costumes - a witty mix of Bosch, Daumier and Dali but in pale papier-maché. Lechery is a woman with a parasol, a bustle and a huge phallus rearing up from under her skirts. Amid a production that is generally unconcerned with fidelity to Marlowe's text, these sins are encouraged to ad-lib, commenting on their role-playing with campy lines like "that's a lovely line, that. Next line is better." Another romp is the knockabout treatment of the Pope in Rome, with wordless chant-

various invisible-man tactics. And the sorcerer's apprentice scenes for the servants with Faustus's books are the best fun of all.

McDermott's direction, however makes Faustus himself flimsy. Jamie Newall is a smug Oxfordpostgrad Faustus, with a wretched habit of leaving his mouth gaping open at the end of a line. Though he has worked out a carefully mannered, would-be classical, actorly interpretation of the text, he has no urgency. Michael Cashman's Mephistopheles is more natural in emphasis but nothing about him is as forceful as the colour of his sult. Both he and Newall are lightweight play's central drama remains in a stuffy shade of woollen grev. It is hard to forgive actors wasting such roles as these - but the fault is less theirs than McDermott's. Dr Faustus has both comedy and surrealism, sure. But, according to McDermott, not much else.

At the Nottingham Playhouse until

Opera/David Murray

ing and silly ritual, which Faustus

Le Roi malgré lui

Emmanuel Chabrier's last opera ("King in spite of himself") was another opéra-comique like his LEtoile, but musically even richer. A broader dramatic range (since L'E-toile he had composed his "serious" Saxon epic Gwendoline); splendid tunes, mostly of a quirkily original cut, and tingling orchestration; and a feast of adventurous harmony. which supplied Ravel with takeaways for several years.

The reason why it is almost unknown - and Saturday's concert performance by the Chelsea Opera Group was doubly welcome - is not, I think, quite what the COG's commentary suggested: that the plot is hopelessly complicated. Many of Feydeau's farces would seem as baffling if recounted in detail but like them most of Le Roi should be clear enough when played out in its audience's own language. The trouble is rather that the disguises and surprises are too arbitrary to generate enough comic

Furthermore, it needs so much spoken dialogue that the opera becomes unfeasibly long. Though the COG omitted that altogether,

the music still filled two and a half hours (plus interval), with scarcely a number that one would sacrifice. Michael Lloyd conducted it with terrific style and energy: should anybody devise a stage-rescue for the piece, they should ring him at once. The COG orchestra played up exuberantly, failing only to make Cha-brier's most elaborate tuttis shine as clearly as they might.

Having nothing to do but sing, the cast were eager and willing, and two were outstanding. Elizabeth Gale's Minka (Polish mistress to the Comte de Nangis, whose mission is to ensure that the reluctant Henri de Valois accepts the Polish throne) grew ever brighter and more heartfelt. Geoffrey Dolton's wry Venetian Duke delivered his couplets, and everything else, with faultless, up-front panache: he is a gift to the French 19th-century repertoire, and should be exhibited in a lot more of

Paul Napier-Burrows represented poor Henri mildly and pleasantly, but without much character -though Henri may be a hapless wimp, he is nonetheless the wimp in the *middle*. As his ex-mistress Alexina, the Venetian's wife, Anne Heath-Welch sang with gusto and a raw edge in her upper register, her machinating Polish uncle, Count Laski, was the sound, imperturbable Brian Bannatyne-Scott. If David Owen's forceful tenor gusto missed something of the Comte's disarming fecklessness, his lusty, hell-for-leather contribution to his final duet with Minka would surely have gladdened the composer's heart. Full of heart and wit as it is. Chabrier's music never forgets the

And now: will somebody please mount a competition for a new Roi libretto? It would need to take careful account of the situations to which Chabrier's music answers so neatly - but those could be accom-modated within a tighter story and terser dialogue. It would be essential to keep the period-feel: not the historical Henri's period (late 16thcentury), but Chabrier's (Feydeau and Labiche). If done cleverly enough, that could reinstate this sunny masterpiece to the repertoire.

COG season supported by Mobil North Sea Ltd. and McKenna & Co.

Concert/David Murray

Flotsam, jetsam and Ravel

phony in a curious programme. The first half was a showcase for John Williams' guitar, which guaranteed a full house but required little more than tactful accompaniment; in the second we got Ravel's complete Daphnis et Chloé, which is both an audience-puller and a serious test for a conductor.

In Rodrigo's evergreen Concierto de Aranjuez, featherweight but elegant, Nagano missed nothing, and Williams – whom I have not heard in several years, since he moved home to Australia - not only proved that his formidable technique is still secure, but found new expressive depths and shadows in his cadenzas. So far, so admirable. Unfortunately he chose to follow the Concierto with a UK premiere. the "Antarctica" Suite by Nigel Westlake, a colleague from his new ensemble ATTACCA.

It is adapted from Westlake's score for a monster-screen movie -

At the Barbican on Sunday, Kent Nagano conducted the London Symwork perfectly. As re-composed for virtuoso guitar with small orchestra, however, it cut no ice to speak of: bits of ad lib solo virtuosity were pinned on to swatches of pictorial colour and that was that. No direction, no point, nothing but random effects; one would go to some trouble to avoid hearing it again.

Nagano's account of Ravel's Daphnis sounded like a promising first shot. On the minus side, there were unresolved problems of balance: the nine-strong percussion section and the brass often covered vital thematic stuff from the strings, and in turn they were themselves sometimes blotted out by the LSO Chorus - far too numerous for their collective role here. Those wordless voices should be one strand in the texture, not pugna-cious competition; and besides, in their testing a cappella interlude they came uncomfortably close to losing their grip on pitch.

Nagano preserved the crucial bal-letic pulse better than most conductors. The score lived and breathed For Chloé's heartbroken dance in piratical captivity, he found pathetic accents of speaking force - more exposed than in any account I remember, but utterly true to Ravel's intentions.

In the last, "wild" - though rigorously controlled - Danse générale, Nagano took note of something that all programme-notes are too polite to mention: that the ancient Greek Daphnis tale was expressly about sexual innocence and subse-quent happy discovery. Even Diaghiley preferred to leave that decently obscure; but Ravel spelt it out in the near-orgasmic cries of his final chorus, coming quicker and more urgent as the tempo contracts from 5/4 time to 3/4 and then to 2/4, with a gross full-orchestra trill on the last chord. Nagano gave all that full value, and quite right too.



■ AMSTERDAM

CONCERTS In tonight's concert at the Concertgebouw, Ken-Ichiro Kobayashi conducts Netherlands Philharmonic Orchestra in works by Smetana, Tchaikovsky and Musorgsky. Tomorrow (also Nov 19 and 27): Nikolaus Harnoncourt conducts Royal Concertgebouw Orchestra in symphonies by Haydn and Schubert Fri: Kobayashi conducts Het Brabants Orchestra, with violin soloist Emmy Verhey. Sat atternoon: Alberto Zedda conducts concert performance of Bellini's La sonnambula, with Luba Organisova. Sun evening: Mariss Jansons conducts Oslo Philharmonic Orchestra in works by Weber, Grieg and Stravinsky. Next Tues: Hans Vonk conducts Radio Philharmonic Orchestra in works by Webern and Debussy. Nov 24: Midori. Nov 29: Andres Schiff (6718 345) OPERA

This month's Netherlands Opera performances at Muziektheater are devoted to Cosi fan tutte,

noted classical pianists, he has a distinct personality. There is not the intellectual rigour that marked out Serkin, with his determination to shine a bright light of clarity

Concert/Richard Fairman

Stephen Kovacevich

over the music and throw every inner voice into relief. Nor does he have the determined rhythmic grip that marks out, say, Annie Fischer

For Kovacevich power and

conducted by Nikolaus ·

Harnoncourt, with a cast

momentum fuse to provide the driv-ing force. He played two sonatas in this programme, the "Waldstein" and the A flat major, Op.110, and both of them wanted to be fast and furious. It may be that the violent contrasts catch the Beethovenian spirit, though it was difficult to reconcile the hushed piano of Op.110's Arloso, when it was followed moments later by the thundering entry of the fugue in the left hand. The "Waldstein" was an exciting performance - at a price. Again the

quieter passages were properly

reflective. But once the momentum

was up, the music hurtled forwards with little sense of there being the control to guide it. The thrill was undeniable, but this was a big-dip-per performance that ended up throwing other musical virtues to the winds. The last climax before the end became a noisy, incoherent, headiong assault.

In between, there was the solace of Schubert. Two late collections, the Moments musicaux, D780, and 12 Ländler, D.790, offered playing of genuine subtlety, the inimitable Schubertian harmonies sensitively touched upon, the colours delicately varied: another Kovacevich altogether. Played like this, these supposedly simple pieces seem to take on almost the richness of the Chopin Mazurkas.

including Anna Steiger, Laurence Dale and Gilles Cachemaille. This week's performances are on Thurs and Sun afternoon (6255 DANCE Tonight and tomorrow at Muziektheater: French experimental choreographer Mathilde Monnier. Fri, Sat, Sun: Trisha Brown Company (6255

■ BRUSSELS Palais des Beaux Arts Tonight's concert features Jean-Pierre Ramphal as soloist in Mozart's Flute Concerto. Next Mon: Yuri Temirkanov conducts St Petersburg Philharmonic, with violin soloist Viadimir Splvakov (507 8200)

Monnaie Tonight, Thurs and Sun: Un ballo in maschera, staged by Guy Joosten and conducted by Antonio Pappano (219 6341) Théâtre Varia Rosas, Anne Teresa de Keersmaeker's experimental dance company, gives performances on Thurs, Fri and Sat of a work set to music by Steve Reich (219 6341)

■ CHICAGO

CHICAGO SYMPHONY Georg Solti conducts the next two weeks of concerts at Orchestra Hall: the programme on Thurs, Fri and Sat consists of symphonies by Haydn and Bruckner, Nov 25: Pierre Boulez begins a four week residency

CHICAGO LYRIC OPERA William Bolcom's new opera McTeague can be seen at Civic Opera House on Thurs and Sun. Pelleas et Mélisande, with Frederica von Stade and Jerry Hadley, opens on Sat in a production conducted by James Conlon (eight performances till Dec 5). Nov 28: revival of Un ballo in maschera (332 2244)

■ MUNICH

Herkulessaal der Residenz Tonight: Leo Nucci song recital. Sat: Tedd Joselson piano recital. Next Tues: violinist Thomas Zehetmair (299901) Gastelg Thurs: James Galway is soloist in a Bach and Dvorak concert by Wurttemberg Chamber Orchestra (983898). Frl: Pinchas Zukerman plays Bach with Frankfurt Radio Symphony Orchestra (346620). Sat, next Mon and Tues: Jessye Norman sings Strauss' Four Last Songs with Munich Philharmonic. Sun: John Eliot Gardiner conducts North German Radio Symphony Orchestra in a Schumann programme. Nov 18: Svetlanov conducts Rakhmaninov, Nov 20, 21: Valery Gergiev conducts Prokofiev (48098 614) Prinzregententheater Fri: Margaret Price song recital. Next Tues: Teresa Berganza. Nov 24: Renato Bruson (221316)

■ PARIS

DANCE/OPERA Opéra Bailet revives the Bourmeister staging of Swan Lake on Fri at the Bastille for

15 performances till Dec 31 (4001 1616). Saint-Etienne Massenet Festival production of Esclarmonde opens at Opéra Comique next Wed for nine performances till Nov 28 (4286 8883). Gounod's Faust opens a the Bastille on Nov 27 (4001 1616) CONCERTS

Djansug Kakhidze conducts the next two weeks of concerts by Orchestre de Paris at Salle Pleyel. On Thurs and Fri, the programme includes symphonies by Stravinsky and Honegger. Next Wed and Thurs: Pierre Amoyal is violin soloist in works by Ravel and Chausson. Nov 25, 26, 27: Giulini conducts Mozart and Dvořák (4563 0796). Alexis Welssenberg gives a piano recital on Fri in the Theatre des Champs-Elysées. Sun morning: Mischa Maisky and Martha Argerich play cello sonatas. Next Mon: François-René Duchable plays Chopin (4720 3637). Next Mon at Le Rond Point, Theatre Renaud Barrault: Kent Nagano conducts works by Emmanuel Nunes (4296 9694). Next Tues at Opéra Comique: Cécile Ousset plays Saint-Saens (4286 8883). Nov 18 in Bastille: Lutoslawski conducts Lutoslawski (4001 1616). Nov 22 at Châtelet: John Eliot Gardiner conducts Schumann (4028 2840), Nov 23 at Salle Pleyel: Maurizio Pollini (4561

JAZŻ/CABARET

Jazz Club Lionel Hampton This week: Kenny Garrett Group. Next week: Bobby Blue Bland, Nov 23-Dec 5: Johnny Copeland. Music from 22,00 (Hotel Meridien Paris Etoile, 81 Boulevard

Gouvion St Cyr, tel 4068 3042) Bastille Studio Jazz trumpeter Alain Brunet and friends can be heard on each of the next three Fridays from 18.30 (4001 1616)

Hello Dolly!: the Broadway musical opens at the Châtelet on Thurs, runs till Jan 9 (4028

 Facing North: a Meredith Monk production can be seen tonight, tomorrow, Fri, Sat and Sun at Le Rond Point, Théâtre Renaud Barrault (4256 6070) Heart of Darkness: Joel Jouanneau's stage adaptation of Joseph Conrad's novel, daily except Mon till Nov 22 at Théâtre de l'Athènée (4742 6727)

■ WASHINGTON OPERA

Washington Opera's new production of Otello can be seen tomorrow (also Nov 15, 17, 20, 23, 28). Rimsky-Korsakov's Tsar's Bride opens on Sat. Tomorrow in Terrace Theater, John Shirley-Quirk heads the cast in two chamber operas by Dominick Argento (Kennedy Center 467 4600) CONCERTS

National Symphony

Orchestra: tonight's concert is conducted by Michael Morgan and features music by Haydn, Gershwin and Schumann. Thurs, Fri afternoon, Sat Zdenek Macal conducts Dvořák's Stabat Mater. Next week: Macal conducts Mozart and Mahler (467 4600) The Kennedy Center concert

programme also features Calgary hilharmonic tomorrow with Edith Wiens as soloist in Britten's Les Illuminations, a recital by jazz planist Dorothy Donegan on Thurs and a piano recital by Yefim Bronfman on Fri (467 4600) THEATRE

Grapes of Wrath: an adaptation of John Steinbeck's epic of the Great Depression. A Washington Shakespeare Company production. Till Nov 28 (Gunston Arts Center 703-739

The Lisbon Traviata: Terrence McNally's play about the quest for a pirate copy of Maria Callas' performance of Verdi's opera. Opens tomorrow. till Dec 13 (Studio Theater 332 3300)

The Way of the World: Willalm Congreve's comedy of love and marriage. Till Nov 22 (Arena Stage 488 3300)

■ ZURICH OPERA

Tonight's performance at the Opernhaus is Bernd Roger Bienert's production of Nutcracker (also Fri and Sun evening). Tomorrow and Sat: Fedora with Baltsa and Carreras. Thurs and Sun afternoon: Capriccio (262 0909) CONCERTS

Tonight in Tonhalle: Edmond de Stoutz conducts Zurich Chamber Orchestra and Concert Chorus in Beethoven's Choral Fantasy (Homero Francesch) and Second Symphony (252 1737). Sun: Empire Brass. Nov 17, 18, 19, 20: Claus Peter Flor conducts Bartok and Beethoven (206 3434) European Cable and Satellite Business TV MONDAY TO FRIDAY

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FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Tuesday November 10 1992

How to escape a trade war

this – that nations and governments have never learned any-thing from history". To this his pupil, Karl Marx, added that history reappeared "the first time as tragedy, the second as farce". Marx looks right, for a change. The world economic malaise may soon be aggravated by a "trade war" between the European Community and the US over less than 2m tonnes of oilseeds. This farce must be stopped. Immediate responsibility for doing so rests with the EC.

Allegations of interference by the president of the Commission, Mr Jacques Delors, in the work of Mr Ray MacSharry as farm trade negotiator – a position he himself had arguably usurped from Mr Frans Andriessen, the commissioner for external affairs — are just symptoms of the malaise. The disease is confusion over the role of the EC in the world.

Mr Delors has argued that "adolescent Europe" should be able to say no to its American big brother. So it should. The question is over what. Can the EC wish to make its refusal to accept two adverse Gatt panel findings on its oilseeds regime the principle on which, like Martin Luther, it must take its stand, because it can do

What needs to be recognised now is. first, that the oilseeds dispute and the Uruguay Round, though connected, are at least juridically separate; second, that the credibility of the Gatt dispute settlement process is under test: and, finally, that the underlying Gatt principle of reciprocity does allow the US to withdraw concessions from the EC. This withdrawal can be up to the value of the losses imposed by the EC oilseed regime, which Gatt panels judge to have unfairly damaged the interests of the EC's trading partners. Counter-retaliation by the EC would be a different matter. It would take the dispute into

HEGEL REMARKED that "what experience and history teach is this – that nations and govern-losses imposed by its oilseeds regime. It should also agree that the US may withdraw concessions equal in value to the losses identified by the arbitrator, if agreement cannot be reached on changes to its oilseeds regime. Such a rebalancing of the account in a protectionist direction would be far from ideal. But the potentially lethal infection from the oilseeds dispute would have been sterilised.

With the oilseed dispute contained, the wider question of the Uruguay Round could be tackled once more. Mr Arthur Dunkel, the Gatt's director general, should consider calling the negotiators back to Geneva. This would seem to be particularly timely now that the EC negotiation is back in the hands of a man responsible for trade policy as a whole. It also looks as though the best chance of resolving the outstanding issues in farm trade might be in the context of an overall negotiation

Some in the EC appear not to want the round completed at all, whether for domestic political reasons or because they believe the EC will be strengthened by a confrontation with the US. They play with fire. Neither the political cohesiveness nor the economic strength of the EC would be strengthened by failure of the trade negotiations, particularly if the BC were to be blamed for the

This is looking increasingly like a pivotal moment in the post-cold-war era. An intrinsically trivial dispute over oilseeds could lead to the disintegration of the Uruguay Round and even of the GATT; it could divide the US from the EC; it could create serious friction within the EC; and it could imperil world prosperity. A few hundred million Ecus worth of soyabeans are not worth the risk. Let the epitaph on postwar international economic co-operation not be that for once people did learn from history, but then they

THE CASE against three former the trade was more advantageous executives of the Matrix Churchill to Iraq than to Britain. prosecutor yesterday, has cast a disturbing glare on the apparent ineffectiveness of government controls on exports of military hardware. What is not clear, however. is whether these procedures were merely ineffective, or whether in some sense the government was conniving at the circumvention of its own declared export control policy, in pursuit of quite different foreign policy objectives.

The executives were accused of selling machine tools to Iraq during the Iran-Iraq war, despite a government ban on military-type exports to either of the warring parties; but it emerged in court that Mr Alan Clark, former trade minister, and government officials had deliberately encouraged the company to conceal what they knew was the military end-use of the machine tools.

The weaknesses of the export control procedures were inevitably of British intelligence. Illicit arms exports may seem to be a useful channel for acquiring sensitive information. Yet Britain, along with its allies, proved anything but well informed about Irag's political intentions and about its

the circumvention of the arms embargo was that the British government secretly supported Iraq in the war against Iran. In principle the embargo was imposed equally on both countries, and no doubt the government would have viewed an even-handed stalemate with equanimity. Yet it undoubtedly feared most the prospect of an Iranian victory, with the accompanying danger that the fundamentalist regime in Tehran

could dominate the whole Gulf. Such a judgment was certainly shared by the French government. But the big difference between British and French policy was that Paris openly proclaimed a strate-gic alliance with Saddam Hussein, whereas British support remained unofficial. The invasion of Kuwait showed that it was more prudent

to fear Iran than to trust Iraq. As a result, the British govern-ment has been embarrassed by the latest revelations; whereas France suffered the deeper shock of a hetraved alliance But if British governments depart for reasons of state from declared high principle to hard realpolitik, at least they should do so with greater competence than was shown in the

CBI obfuscation

THE CONFEDERATION of British Industry has, in recent weeks, shown a willingness to speak out. But by lecturing the government rather than its members, it merely continues the traditional British practice of blaming others for industry's own shortcomings.

"Making it in Britain", a report from the CBI's National Manufacturing Council, is a typically worthy and woolly document. It rightly argues that the British manufacturing base is too small and inefficient. But the overwhelming impression created by the report is that government action is both the primary cause and cure for industry's weakness. The priorities for industry, listed in the report, are frustratingly vague: industry must "establish a clear sense of strategic direction" and "develop greater consumer focus in every facet of business". It is the government that must act now by cutting corporation tax, lowering interest rates and freezing public sector

Yet the document has a gaping hole. It contains almost no discussion of either pay or profits, variables which industrialists influence directly. The depressing fact is that the productivity gains of the 1980s were consumed rather than invested, something the CBI or impolitic to articulate.

report omits to mention. Between 1980 and 1990, real wages rose by 18 per cent in the US, 29 per cent in west Germany, 31 per cent in France and 42 per cent in the UK. That is why UK profitability and investment remain low by international standards. British industrialists and trade

unionists pay themselves too much, a reality they squirm to avoid. Ford UK is typical. Since the recession began, its workers have received two pay increases: more than 12 per cent in the first year and 5 per cent in the second, years in which inflation averaged 6.8 per cent and 4 per cent respectively. Little wonder profits are squeezed. But it is not Ford's personnel managers and union negotiators who will lose their jobs.

The UK economy badly needs a strong employers' organisation with the courage to tell its members and their employees that they should put profits and investment before increases in wages and executive salaries. It needs leaders who are prepared to say that pay settlements are still twice as high as they should be if the competitiveness gains from sterling's devaluation are not to be lost. This is a message the CBI, along with the government and the

That things in the Colony aren't what they should be no one can doubt any longer and though in spite of everything we do move forward,

maybe - as more than a few believe the time has come to bring in a Political Reformer.

CP Cavafy. In a Large Greek Colony, 200BC

Chris Patten arrived in Hong Kong that his governorship was going to be different from those of the 27 governors who had come before him. This was underlined on October 7 when he publicised his proposals for the reform of Hong Kong's political system. In one move he changed the course of British policy towards Hong Kong in two signifi-

First, he signalled his intention to involve the people of Hong Kong in their political future, in contrast to past colonial policy which had involved only a coterie of local worthies. And second, by saying he would present his proposals to the local legislature if China failed to agree, he went against Foreign Office orthodoxy. This had always stressed the need for British policy to complement what Beijing planned for Hong Kong after its reversion to China in 1997, known locally as the "through train".

Mr Patten's strategy is nothing if not high risk. After a series of unsuccessful meetings with Chinese leaders in Beijing two weeks ago, he now faces protracted trench warfare with China, which has given every indication that it neither approves of his proposals nor is prepared to discuss them further. His, and Hong Kong's, nerve will be sorely tested in the coming months.

It is also a strategy which, if successful, could raise awkward questions in Britain about past policy: in particular, the questions of why the UK did not stand up to China earher and why it took so long to accelerate the introduction of democracy in Hong Kong. Mr Patten's proposals for consti-

tutional development of the 60-member Legislative Council (LegCo) in 1995 are not radical by the standards of any western democracy. In the 1991 elections, businessmen and professionals had two votes one for a legislator to represent their professional affiliation and another for a geographical constitu-

ency. The proposals would extend

this right of two votes to ordinary employees in the 1995 elections. In addition to expanding the franchise, 10 more legislators will be returned to LegCo by selection of an electoral college, which, under the Patten proposals, would consist of democratically elected local officials. As a concession to China, however, he has not sought to increase the number of democratically elected seats from the 20 already agreed with China for the 1995 election. He has also kept liberal politicians off his Executive Council, or quasi-cabinet, which

China has always opposed.

To date China has refused to dis-Britain has reneged on secret agreements made in early 1990. It has threatened to overturn the 1995 elections if conducted on Mr Patten's terms when it takes over in 1997. It has also threatened to repudiate contracts and debt agreements for the colony's HK\$175bn (£13.9bn) airport project if he proceeds to build it without China's approval. Talks about the airport broke down three weeks ago and China appears to be in no hurry to settle the issue. The question now is: can Mr PatChris Patten's proposals for greater democracy in Hong Kong are a high-risk strategy, says **Simon Holberton**

Detour for the through train

Hong Kong: how it has greeted the governor Level of support for Chris Patten Pattern's first Q & A session with the 8 9 10 11 --- 5.900 5*,7*00

ten succeed? Or will he inevitably have to bend to China's will? The key to the answer lies in his ability to retain the support of the public, maintain confidence in the colony's economy and most important, get his plans through LegCo. So far, the political tide appears to be turning in his direction.

First, the business community appears to have shrugged off the recent furore. The Hong Kong stock market has continued to rise in spite of the diplomatic stand-off between Britain and China. The prospect of rapid economic development in China has attracted international investors, and Hong Kong is the only market through which they can obtain an exposure to it. The Hang Seng index - the market's barometer - closed vesterday at 6,267.91, only 1.5 per cent off its all-time high set on Thursday. Fur-

thermore, there is no shortage of cial indicator of confidence. Last week a mainland Chinese company floated a subsidiary and broke all records for a new listing in the colony. China Travel Service sought HK\$400m for 25 per cent of an offshoot subsidiary which owns theme parks in China and a freightforwarding business. The issue was oversubscribed, by 411 times; the

market offered CTS HK\$150bn Further signs that the colony's influential business community is reserving judgment come from busi-

people themselves. According to Ms Sally Aw, chairman of the Sing Tao media and property group: This is 1992 and by 1995 there will have been a lot of changes. By 1997 the situation will be different again. Anything can happen. By 1995 China may have a different view; I think you have to give them time."

r Adrian Fn, scion of the colony's Fu family which has interests in property and hotels in both Hong Kong and China, strikes a similar tone: "No one expected China to agree to Patten's propos-als. What was unusual is that he and Lu Ping [China's top official on Hong Kong affairs] had bad words without offending each other."

Mr Patten cannot, however, count on local Chinese business people for much support. Their economic the Chinese mainland, will prevent the few who support him from speaking out, because by doing so they invite China's retaliation. As one China expert noted: "These people are vulnerable because the success of projects they are mixed up with in China depends on a corrupt and arbitrary bureaucracy."

The Business and Professionals Federation of Hong Kong yesterday implicitly endorsed Lu Ping's line and called on Mr Patten to withdraw his proposals and seek fresh

talks with China. It said it was unacceptable to put in place a political structure which would be dismantled in 41/2 years.

support of the expatriate business munity. Schooled and brought up in liberal democracies, many expatriates scorn suggestions that the people of Hong Kong are inter-ested in political liberty. They view the Hong Kong Chinese as being more interested in making money.

This perception, however, is not supported by the public opinion polls that the Hong Kong media have been conducting since Mr Pat-ten arrived in the colony in July. One recent poll published by East magazine, a new weekly launched by the popular Oriental Daily, tracks Mr Patten's personal popu-larity and approval for his proposals in the period from his announcement of them on October 7 until his The poll shows that his popularity has fluctuated between 61 and 65 per cent, while approval for what he wants to do has ranged between 70

and 85 per cent. Other polls show equally strong readings. One in Ming Pao, published four days after his speech to LegCo, showed nearly five-to-one in favour of proceeding with his political reforms even if China objected, which by then was the course it had already embarked on.

This is not to say that Mr Patten

has a guarantee of permanent sup-port; many local people are cynical about his motives and see his style of leadership simply as a desire for of leadersmp samply as a center of popularity. "He is trying to push for more democracy in the knowledge that he can't succeed, he is here to fail 'honourably." noted one local.

The feeling of many working-class

people was summed up by Mr Yip Wing Shing, a photocopier repair-man. "No one can say at this point if his reforms are good, but I think we should give them a try. Because no one can guarantee that even if we do what China wants now, they won't change things in 1997."

The governor's plans, however, will stand or fall on the floor of LegCo. It is the local legislature which, as Mr Patten constantly reminds it, will have to pass the laws which are needed to conduct

the 1995 polls.

Few doubt that if Mr Patten laid legislation before the council today it would be passed. The calculation is a fine one, but according to one estimate the government could count on 27 sure votes compared with 24 - mostly members appointed by Mr Patten's predecessor, Lord Wilson - against. That leaves seven undecided, together with one further legislator he has to appoint. But opinion

iews within LegCo are as polarised as the above numbers would suggest. The conservative group-ing, which will vote gainst his legislation, wants him to call a referendum before LegCo votes on the package. "The French have just held a referendum; so have the Canadians," says Mr Allen Lee, leader of the Co-operative Resources Centre, the main conservative grouping. "Do not tell me that democratic countries can hold referenda and Hong Kong cannot. If the people vote for his proposals, then we will go along with them. In the absence of a referendum we will vote against."

A referendum, however, is unlikely to be held. It is far too close to an "act of self-determination" and Britain has always said such a plebiscite was inappropriate for Hong Kong because it was not being granted independence.

Mr Lee is a believer in the "through train" concept. "If LegCo passes Mr Patten's proposals by a narrow margin - which I think it will - the question still remains, do we want elections that will be good only until 1997? Do we want China to have a total say over who sits in LegCo post-1997?

Mr Martin Lee, leader of the United Democrats, who supports Mr Patten even though he believes he has not gone far enough, takes a different view. The lack of convergence is not a big deal," he says.
"Why is it so terrible? There is at least a chance that China will not reverse what Mr Patten does. China can ruin Hong Kong if it wants to be bloody-minded. But how does that help China and its economic

This view finds some resonance One points out that the alternative to the governor's ideas is for Britain to ensure that the politicians whom China does not like do not get elected in 1995. This, he says, is too much to ask. The advisers maintain that the costs to China of reversing a system which Mr Patten believes can be made to work would be too great. To some, however, this rationale echoes the hopes expressed in June 1989, when another group of Chinese free-thinkers faced the authorities in Tiananmen Square.

Joe Rogaly

Shuffle shilly-shally



the moment is not whether or when Mr John Major will reshuffle his cabinet, but whether he dares to do so. For any change that the prime minister makes will upset

one or another faction of the Conservative party. Instead of restoring his authority, it might leave him in an even more precarious position. Mr Major managed to avoid this danger when he appointed the inoffensive Mr Peter Brooke to replace Mr David Mellor as secretary for the national heritage. But that was a one-off. There are few Peter Brooke clones, and not one of them is as able as the original. The prime minister tried hard to keep Mr Mellor partly, perhaps, out of an under-standable fear that any move he made could set off an explosion within what has become an extremely volatile party. The same logic suggests a bias in favour of

continuity now. Yet the forces that favour change are strong. Slapping ministers around is the way prime ministers assert themselves. Some incumbents, notably the chancellor, should be moved elsewhere. Those are two positive reasons for encouraging a reshuffle. There is also a reason for not doing so: that the right, having tasted blood in parliamentary battles over the past six weeks, now seeks to demonstrate its strength by telling Mr Major how to

construct his cabinet. None of these arguments is conclusive. A reshuffle does not always have the desired effect on public opinion, as the late Harold Macmillan discovered when he sacked seven ministers in July 1962. That midsummer "night of the long knives" was widely regarded as an

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The conundrum of downfall 15 months later. Then junior ministers is unconvincing. If again putting a new chancellor in would not itself restore confidence. Much would depend on who was chosen. Mr Major's difficulty is that the party has as much to say about that as he does, and it may reject his first choice. As to the ambitions of the imper-

tinent right, there is little to be done even if the prime minister is weak enough to accede to its demands. All the right-wingers of stature are now in the House of Lords. Lady Thatcher and Lords Tebbit, Parkinson and Ridley are unavailable to the Commons. So is Lord Lawson, a right-wing conservative of a different stripe. Lord Howe, who is pro-European and not in any anti-government faction, is also trapped upstairs. It would make little difference to the unity of the Tories if all six of

Slapping ministers around is the way prime ministers assert themselves

these noble persons were still MPs. The thrust of their common European policy when in office was at least as pro-European as the one the Tory Europhobe right is currently attempting to destabilise. Their absent heroes, and heroine, acted one way then, and speak another way now. The Single European Act gave more central power to the Brussels bureaucracy than any other instrument since the Treaty of Rome was signed in 1957. That act was initiated, bargained for, and bulldozed through by a gang of Thatcherites under the eponymous

heroine herself. Very well then, it is said, why not act of panic. It was one of the promote some of the remaining repevents that led to Macmillan's resentatives of the right? The list of most important of those decisions.

you put the sceptical Mr John Redwood around the table at Number 10 Downing Street then why not the loyal Mr Stephen Dorrell? The cabinet itself is, we must suppose, a happy hand of brothers and sisters Messrs Michael Howard, Peter Lillev and Michael Portillo may to various degrees harbour doubts about Mr Major's European and other policies, but none of them has resigned. They share the collective responsibility imposed by the prime minis-ter's characteristic method of asking everyone around the table to indicate assent in advance of each

important pronouncement.

There is an additional argument in favour of keeping the cabinet intact, at least for the immediate future. This week Treasury ministers will speak to every backbencher in an effort to soften up the party in advance of Thursday's statement on public spending. The exercise constitutes an admission that the votes of Conservative members cannot be taken for granted by this Conservative government. The party will be asked to resist the temptation to break into factions representing one aggrieved group or another - nurses, say, or teachers. The government's hope is that it will be seen to be presenting a tough but properly thought-out economic programme to which every

minister subscribes. Fanciful as this endeavour may seem, it would stand less chance of success if the Autumn Statement was followed by a reshuffle of the very cabinet which is supposed to be so united in support of it. The restoration of the government's authority depends above all on a renewal of confidence in its ability to guide the economy out of the recession. To achieve that, the prime minister must start getting some decisions right. To reshuffle

The editors of The AMEX Bank Review are pleased to announce the winners of the 1992 Essay Competition in International economics and financial markets held in memory of Robert Marjolin. A former adviser to the Review, Professor Marjolin was the first head of the OECD (then the OEEC), Vice President of the European Commission and one of the leading architects of the European Community. All prize winning estays are published in - Farance and the International Economy.6. Oxford University Press, ISBN 0-19-828796-8 - price £9.95. FIRST PRIZE \$25,000 Eichard Rose University of Strathelye Eastern Europe's Need for a Chril Economy SECOND PRIZE \$10,000 THIRD PRIZE \$5,000 Locenzo Bini Smaghi and Silvia Voci, Benn Stell, The Royal institute of International Affairs Banca d'Italia Rating the EC as on Optimal Currency Area: Is B Worse Than The LS? SPECIAL MERIT AWARDS \$2,000 David R F Simpson, The Standard ichael P Dooley, University of California, Santa Cruz, and Life Assurance Company Unfinished Business of the Sangle Peter Isard, IMF nori Securid, The Fuji Bank Ltd Facing Up to the Cost of Equity -Peter W Nicholi and David J Archer. Sweder J G van Wijnbergen, Reserve Bank of New Zealand World Bank 'An Announced Dogwood Path for ın Eastern Europe Peter C Ntephe, Niephe, Smith & Holger C Wolf, Stem School of Wills Nigeria Business, New York Economic Distrikgration. Are Growth in Subsaharan Africa THE AWARDS COMMITTEE Professor Raymond Baste; Karl Otto Pühl; Lord Roll of Ipaden KCMG CB; Toyoo Gyolmen; Bruce MacLaury; John Flemming, Professor Rinkiger Dombusch; Rupert Pennant-Rea; Kevin Pakenham; Richard O'Brien.

A ray of hope shines from a pit of despair

In a unique leasing deal, Scottish miners have invested their own money to reopen a British Coal colliery, writes James Buxton

onktonhall col-liery near Edin-burgh is the scene of a unique venture in British coal-mining. By the end of this month a group of miners who have formed their own company will begin regular production of coal from the pit which they have leased from British Coal. Not only is this the first time British Coal has allowed a deep mine to be worked by another operator, but each of the 110 miners who are working at Monktonhall has raised £10,000 to finance the venture and guarantee his job. Monktonhall Mineworkers has no other equity capital Years of persistence in the face of opposition from local Labour politicians and scepticism by financiers appear to be paying off.

"It's up to ourselves," says Mr Jim Parker, the managing director, a former British Coal executive. "We've got no excuses. There's no bad geology, no lazy miners, and no ent to blame." British Coal stopped produc-tion at Monktonhall in 1987, deciding that it was uneconomical, but the mine was maintained so that it could be reopened Local politicians and MPs launched a campaign to persuade the company to reopen it. In early 1991 Lothian regional council and other local authorities presented a consultants' report proposing a mining operation employing 370 men, with new investment the politicians and the National Union of Minework-

ers, British Coal announced in August 1991 that it could not justify reopening the mine under its own management. However, British Coal was prepared to lease Monktonhall to another operator. This was the chance which a group of ex-mineworkers from the area guided by Mr Parker and chaired by Mr Jackie Aitchison (then working as a bus driver), had been waiting for. Some of them had put £2,000 each into a consultants' feasibility study

prior to the local authorities'

report, and its conclusions

were encouraging. Last December, British Coal agreed to negotiate a lease with Monktonhall Mineworkoffer from Caledonian Mining, a private company based at Newark, Nottinghamshire, enjoyed comparable technical merit". The state-owned company apparently chose the mineworkers because of politi-It took Monktonhall Mineworkers, assisted by the accountants Price Waterhouse, nearly six months to finalise

the lease agreement. The



Tony Andre Monktonhall miners: each has raised £10,000 to finance the colliery and to guarantee his own job

Labour-controlled local authorities refused to provide finance. believing the venture would be short-lived, and the miners did not succeed in raising capital from outside institutions.

"We'd decided back in October 1991 to finance the project from our own resources," says Mr Parker, "but we wanted outside capital as a backstop. We found that institutions which had earlier shown interest in our scheme had turned against us. They listened to local politicians and union leaders. It's not outrageous to say that these politicians and unionists would have preferred the mine shut to it being operated by someone other than

Labour politicians would

Mr Parker says: "No one was deceived. We encouraged the miners' wives to come to our meetings to hear about the risks." The company has a waiting list of ex-miners willing to put in their stake.

The company took over Monktonball in June and installed new winding ropes, reactivated the underground conveyers and bought used machinery in England at one-tenth the price of new equipment, according to Mr Parker. Mr Parker says that Monk-tonhall should produce 250,000 tonnes of coal a year as the number of miners rises to 155, working two shifts over a five-

day week. The mine produced about 1m tonnes a year under British Coal, employing about

'No one was deceived. We encouraged the miners' wives to come to our meetings to hear about the risks'

have preferred to have the mine run by the nationalised coal company to it becoming a potential showcase for private enterprise. But the mineworkers had outer backing from the government, which wanted the bid to succeed; and vocal support from local Conservatives, Liberal Democrats and the

The mineworkers secured a loan facility for an undisclosed amount from the Bank of Scotland and decided to invest the maximum they could afford -£10,000 each, amounting to £1.1m for the first 110 miners. Some of them put in savings from their British Coal redundancy money, while others took out loans from the Life Association of Scotland or mortgaged their homes.

1.000 people at its peak.

According to Mr Parker, output per year should be 1,400 tonnes a miner, substantially higher than under British Coal's management. Productivity will also be higher, Mr Parker says, because the mineworkers will be working more weeks of the year than under pany's "ludicrous holidays, loud-mouthed unions and spineless management. We have the motivation of people

who have put their own money into their company."

The cost of production, he says, should be £1.30 a gigajoule compared with the £1.80 a gigajoule which British Coal is thought to charge Scottish-Power, the leading electricity company in Scotland. But Monktonhall's costs are above

those of opencast coal. This weakness was high-lighted last week when Scot-tishPower, which had sought tenders for coal supplies, rejected Monktonhall's offer on the grounds that its price was uncompetitive. Instead, it accepted tenders from opencest suppliers in the UK and overas. Though disappointed, Monktonhall Miners say they will be able to win enough contracts to survive. The company already has contracts to sell some of its coal, and is tendering for orders from large users in Ireland, Malta, the Isle of

Man and the Isle of Skye. Quite apart from the battle for contracts, Monktonhall represents a high risk venture. Its financial resources are slender the market for deep-mined coal is competitive, but it will have to maintain output and sales to cover the cost of keeping the mine pumped and paying interest to the bank. One coal industry observer, thinking of the miners' big personal stakes, calls Monktonhall "a

tragedy waiting to happen". But Mr Parker has faith in the venture. He says several more pits which British Coel has closed could be reopened profitably on the same basis as Monktonhall with mineworkers as shareholders. He already Frances colliery at Kirkcaldy, Fife, though that mine, he says, would cost £16m to revive, requiring more than the miners' personal funds.

He believes the experiment at Monktonhall will improve the prospects for other mines faced with closure. There is nothing utopian about this venture. Men here in their 30s are going to make a lot of money at Monktonhall."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Electricity in an open market

From Prof James Lawton.

Sir, The purpose of the elec-trical supply industry is to pro-vide reliable, economically priced electricity to the consumer. The ability of generators to optimise fuel price and security of supply in both the short and long term on the world markets is a major fac-tor in achieving this objective.

Prof Littlechild, the electricity industry regulator, was therefore correct in telling the Department of Trade and Industry select committee that it is not his job to determine fuel mix. However, it is his job to protect the consumer. In regard to the gas contracts of the regional electricity compa-nies he referred to his power to disallow uneconomic charges to pass through. He then went on to indicate that there is not a single price for electricity, that there were factors other than price and that it is not his job to review every gas con-tract signed by the regional

electricity companies (RECs). Given this apparently self-negating interpretation (with which I agree), how to move forward? Clearly the requirement is for mechanisms that encourage proper market behaviour. Specifically, contract negotiations should be conducted in an open market and not, as now, in secret. Then prima facie evidence for misuse of market power by either RECs or generators would be visible, acting as a deterrent and providing both transparency for regulatory bodies and easily accessible evidence for any inquiry. James Lawton,

38a Abbotswood Guildford, Surrey GU1 1UZ

Rethink on financial services regulation cannot be avoided

From Mr S M Yassukovich. Sir, Recent comments from authoritative sources indicate that City support for the Financial Services Act, always half-hearted at best, is now substantially eroded. As with so many modern compromises. the concept of practitionerbased self-regulation backed by statute has satisfied no one. Despite the government's well-known reluctance to countenance new or amended legislation in the field of financial services regulation, a funda-mental rethink cannot be long avoided. It is hoped that the review ordered by the Trea-sury from the SIB will set the

Surely the problem is the fatal flaw in the original legislation initiative. The government sought to deal with two entirely distinct problems with a single bill. A more sensible

separate bills, one dealing with investor protection within the retail financial services indus try and the other with the wholesale and international markets of the City. The first bill would have been dominated by conduct of business and compensation issues and the second would have focused on systemic risk.
It is absurd to believe that

investor protection of the pub-

lic at large can be self-financed

and self-regulated. It is like asking the Police Federation to pay for and supervise policing. The so-called independent financial advisers cannot pay for regulation or pass the costs on to their clients and the producers of financial products are clearly disinclined to pick up the cost. The only alternative is to tax the wholesale markets but this will affect London's competitive position. The retail sector should be reg-

nanced self-regulation should be applied only to the wholesale markets under the aegis of an agency with the same inde-pendence (in supervisory matters) and authority as the Bank of England.

Harmonisation requirements driven from Brussels will force change in any case. To persist with self-regulation in the retail area is rightly deemed eccentric in the rest of Europe. However, the European whole-sale financial community, mostly represented in London could be mustered to support sensible and flexible regulation of intra-professional markets with maximum practitioner involvement in the process. S M Yassukovich

Craanotti & Partners London SWIA 1HA

International community must back Somalia relief effort

From Mr Nicholas Hinton. Sir, Given the tense situation currently prevailing in Somalia, it is vital to correct an inaccuracy in Julian Ozanne's report ("Somali gunmen hold aid agencies to ransom as thousands starve to death", November 6). Only six of Save the Children's feeding centres have been affected by the current strike by feeding supervi-

Save the Children does not believe that this strike has been politically inspired by General Aideed or by any other political leader. The strike is

sors, not 12 as Mr Ozanne

over the level of incentives paid to the staff and is not related to threats against the United Nations or other agen-

Mr Ozanne is right to be alarmed about the increasing insecurity which threatens the relief effort as a whole. World attention must not fall off at this crucial time: indeed, authoritative leadership from the international community is required now more than ever. Nicholas Hinton,

director general, Save the Children Fund, 17 Grove Lane

Work horse

From Mr Ginaham Taulor. Sir, So Gillian Shephard "Shephard stresses rights of individuals". November 6) thinks abolishing the wages councils will "strengthen the rights of individuals". As a student needing work in the holi-days, I will be able to undercut other applicants and am sure to get a job. Mind you I will need to work much longer hours to compensate, so it is a good job I have also "got the right" to work as many hours as I can thanks to the opt-out on the Social Chapter. Why not bring back workhouses tool Gingham Taylor, 29 Burlington Road,

Pharmaceutical prices to NHS do not allow for excess profits

Sir, Mr Sonabend (Letters, October 30) was incorrect on two counts when he implied that pharmaceutical companies were exploiting Britain's National Health Service. First, in unfavourably comparing the price of insulin in the US and France with the "notional" price in the UK he overlooked

the fact that the pharmaceutical price regulation scheme (PPRS) ensures that British taxpayers get value for money from the suppliers of medicines to the NHS. Under this scheme, companies are allowed a target return on capital in respect of their range of products which they may or may not achieve for other European countries but must not exceed. Any were as follows: Switzerland

excess profit is repaid to the government. Second, Mr Sonabend has been highly selective. A recent price index for prescription medicines produced by the Swedish pricing authority showed that in relation to Sweden (equalling 100) the figures

(136), the Netherlands (132), Denmark (130), Germany (192). Finland (111), Norway (103), the UK (99), Italy (95), Belgium and Austria (93), and France John Griffin,

director, Association of the British Pharmaceutical Industry 12 Whitehall, London SW1

OBSERVER

On a wing and a prayer

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■ It's taken more than a year, but Hollis Harris has at last had his prayers answered. In August 1991, Harris, then resident of Continental Airlines, urged employees of the bankrupt US carrier to join him in praying three times a day "that God will show us a way to survive". The very next day Continental dispensed with his services. But the Methodist minister's

son from the Georgia Bible belt has bounced back. He resurfaced earlier this year in Montreal as chief executive of Air Canada; and one of his early moves was to submit an offer - together with a group of Texan investors - for his former employer. Now Continental has decided

to accept the Air Canada-led bid in the hope that the infusion of new capital would enable it to emerge from Chapter 11 early next year. For its part, Air Canada hopes the deal will make it a more attractive partner for international alliances.

Harris could do with another burst of divine intervention, however. Air Canada itself is still bleeding about a million dollars of red ink a day and has debts of over \$3bn. Whether or not these problems can be overcome, it won't be for lack of prayer in the executive suite. Air Canada's chairman, Claude Taylor, is a devout Baptist.

Tragicomedy?

The once invincible Hanson has apparently been trounced on yet another front. Hot on the beels of the RHM defeat comes word that Hanson's Peabody seems to have lost out to a higher bidder in

picking up the Australian coal

interests of Costain. . . So it is perhaps appropriate that yesteryear's mighty corporate raider, which in its glory days habitually put the name of its companies to the turf, or motorcycles or snooker, should now be turning to the gentler thespian world when dispensing its sponsorship largesse. With Hanson in advanced

negotiations to inject £1m into the struggling National Youth Theatre – which this autumn staged a show entitled Maps for Lost Lovers - suggestions are invited as to which play the budding actors should consider next that would best capture the current mood at 1 Grosvenor Place.

Black magic ■ Perhans the Canadian media

mogul has learnt a thing or two. Since Conrad Black escued the Fairfax group at the end of last year, the nervousness among senior editors at Australia's second largest newspaper publisher has been palpable.

However, news yesterday of the arrival of two old Fairfax hands to the vacant chairs at both the Australian Financial Review and The (Melbourne) Age neatly disarms those critics who feared Black might be poised to impose the sort of controversial changes that so upset journalists in the aftermath of his acquisition

of the Jerusalem Post. The moves see John Alexander, editor-in-chief of the Sydney Morning Herald. replacing Gerard Noonan as editor in chief of the Review. Meanwhile, Alan Kohler, himself once on the Review, is leaving Rupert Murdoch's The Australian to edit The Age following the resignation of Mike Smith — who left for

of a coup for Black, since the

(genuine) personal reasons. Kohler's return is something



"Tell us how you got hit by pagne cork during the great trade war, grandad"

widely respected commentator on economics and business affairs had only recently jumped ship from Fairfax to The Australian. The big loser in all this is

Noonan, a popular editor who several times tried to interest potential white knights such as Pearson, publisher of the FT, in saving the Review from the receiver. Noonan was given no reason for his dismiss though Fairfax managers have apparently been unhappy with the Review's perform:

While the reshuffle will be greeted less than enthusiastically by the bevy of unreconstructed protectionists in The Age's Melbourne office, it should go some way to soothing fears about any excessive Black meddling down under.

Office etiquette ■ Nice to know Lord O'Hagan, Conservative MEP for Devon. has the interests of his constituents at heart. "Many people believe that tossing the caber is about to become illegal under European Community

law on health and safety. Is this true?" he enquires in an recent Official Journal of the European Communities. EC social affairs

Papandreou is glad she was asked that question. After first acknowledging her gratitude his "regular tabling of questions that allow [the Commission] to keep in touch with the beliefs and fears of ordinary people over the EC's intentions", she goes on to explain that while there are no plans to make that well-known Devonian custom illegal, two council directives coming into force next January will have to be taken into account, by employers and workers alike, as regards

Food for thought ■ Guests at last night's 1992

caber-tossing in the workplace.

Amex Bank Review Awards - at which the first prize of \$25,000 was awarded to Richard Rose of the University of Strathclyde for his essay on "Eastern Europe's need for a civil economy" - were asked not to read anything personal into the seating plan. With tables named after

"famous and infamous theories of economics", according to Amex Bank chief economist Richard O'Brien, invitees could have found themselves herded onto tables labelled anything from crawling peg, to animal spirits, to marginal utility. "We took care to make sure there weren't any eastern Europeans eated at 'shock therapy',

Reason to carp

O'Brien reveals.

gone all koi.

■ My friend the tropical fish-fancier is downcast because her best supplier has



Wales breeds all kinds of success stories - from giants like Sony, British Airways, Bosch and Toyota, to the countless small and medium sized companies who have discovered a Welsh Advantage or two of their own in the last two decades.

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THE WELSH ADVANTAGE

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Influential business people call on governor to renegotiate with China

HK group wants reforms altered

in Hong Kong

AN INFLUENTIAL group of Hong Kong business people yesterday called on Mr Chris Patten. the governor, to drop his propos-als for democratic reform in the colony and to negotiate fresh

plans with China. The Business and Professionals Federation, a powerful conservative think tank, said the impasse between London and Beijing must be resolved by dialogue and

It is the first heavyweight organisation openly to oppose the governor, who has found general support among the public. A test of Mr Patten's support in the local legislature will come tomorrow when it debates his propos-

Mr Patten's plans for greater democracy in Hong Kong have been rejected by China. It has said it will not discuss the matter further until the governor backs down. Beijing has threatened to reverse any changes he introduces without its agreement when Hong Kong reverts to Chinese rule in 1997.

Mr Vincent Lo, the business

group's chairman, said that although the federation supported many of the governor's plans, "to run the risk of developing a political structure which will be dismantled in 41/2 years' time is just not acceptable to us". He said that any plans for Hong Kong's political development should be compatible with the Basic Law, the colony's post-1997 constitution passed by the Chinese parliament in 1990.

By throwing its weight behind Communist China instead of Mr Patten, the group threatens to dilute a local mandate for greater democracy in the increasingly strident war of words between China and Britain over Hong Kong's future.

leading property developer in the colony, is one of the businessmen tipped to become Hong Kong's first chief executive, or governor, after China takes over in 1997. He was flanked at the press

Mr Lo, chairman of Shui On. a

conference by Sir David Akers-Jones, a former chief secretary of Hong Kong and now head of the housing authority, and Mr David Gledhill, a former head of foreign business in the colony.

Many businessmen, long accustomed to considerable leverage over the colonial government, are

because of their heavy investment in China's increasingly market-oriented southern prov-

The federation's stance bears a strong resemblance to Beijing's position which is that Mr Patten should withdraw his proposals and negotiate on the same basis that Britain was contemplating in late 1989 and early 1990.

Over the weekend Mr Patten who was expecting the federation's announcement, said he was sure the business community "would want to avoid seeing a gap opening up between what some businessmen had to say and what clearly the community

Detour for the through train,

UK arms to Iraq court case collapses

By John Meson in London

THE UK government yesterday faced demands for an inquiry into its policy of selling defence equipment to Iraq before the Gulf war, after the trial of three directors of a UK machine tool

exporter collapsed.
Four government ministers, it emerged yesterday, tried to suppress 500 pages of confidential government documents which, said defence lawyers, detailed a "secret policy" to promote UK exports of defence-related equipment to Iraq.

The documents suggest that a number of senior ministers in the government of Mrs Margaret Thatcher, including the former prime minister, were briefed on this policy and that the effort to arm fraq continued to within weeks of Baghdad's invasion of Kuwait in August 1990.

The collapse of the prosecution of three former directors of Matrix Churchill, machine tool makers, who were charged with breaching export controls by pretending that machine tools sold to Iraq were for civil use, followed an admission by Customs and Excise that it could no longer sustain a case against them.

Evidence given in the witness box by Mr Alan Clark, a former trade minister, was "inconsistent" with his earlier statements to Customs Investigators, the

court was told. Mr Kevin Robinson, lawyer for defendant Mr Paul Henderson, former managing director of Matrix, rejected this explanation.



Peter Allen (left), Paul Henderson and Trevor Abraham of Matrix Churchill and their wives at the Old Bailey after their trial, for breach of export regulations, collapsed

the truth in the witness box." In an interview with the Financial Times, Mr Henderson described yesterday how he had worked for British intelligence in the former Soviet bloc and Iraq for more than 15 years.

The documents released yesterday showed how from October 1987 onwards, ministers and civil servants, supplied with information by the security and intelligence services, had known Matrix Churchill products were

Mr Robin Cook, the main opposition party's trade and industry spokesman, called for full disclosure of the role played by the Department of Trade and Industry. "Mr Michael Heseltine must now tell us how much the DTI knew about weapon deals with Saddam and why they connived at arms exports instead of controlling them," he said.

Both the DTI and Downing Street yesterday refused to comment on the lawyers' allegations.

ments in court had been personal opinions, not government policy. Mr Clark refused to commen saying only that the matter had now concluded.

Matrix Churchill's applications for export licences said the equipment would have civil, not mili tary, uses. However, defence lawyers claimed Mr Clark had effectively suggested they adopt this wording to get around export regulations.

NEWS

Dundridge College achieves ATC breakthrough in Central Europe

■ Perranti International has broken

Ten Air Traffic Control (ATC) students will attend an eleven-week course in basic and aviation language course in basic and aviation language to be held at Dundridge College in Devon — part of the Perranti Simulation & Training operation.

The CSFR Air Traffic Control

Administration is leading the way in upgrading air traffic management capability in Central Europe, but it does not have the capacity to train people in the numbers required.

■ Ferranti International introduced a range of phase locked Ceramic Resonator Oscillators (CROs) for use in signal frequency conversion in satellite communication

tuned oscillators, particularly in digital systems in which they are less prone to transients which cause bit errors. As well as improved performance, the new units are also less expensive and meet the need for more compact subsystem components. The units are used as local oscillators (second stage) in frequency conversion for both up and down RF satellite links. The Ferranti CRO range is available in 0.4 to 3 GHz. Complementary products include a range of phase locked dielectric resonator and YIG tuned oscillators to cover the full spectrum up to 23 GHz.

Unyielding equities

THE LEX COLUMN

FT-SE Index: 2695.4 (-7.3)

nothing to improve the lot of equity market investors looking for income Far from sparking a recovery in highyielding shares, the sector has fared poorly ever since base rates started to fail. Kleinwort Benson's index of the 100 largest high-yield stocks has underperformed the market by 15 per cent since the start of 1991 and sh no sign of turning. A high yield has become synonymous with a doubtful dividend: 25 companies in the index have cut their pay-out this year. Little wonder that equity income funds have, unusually, been left standing by growth funds, even allowing for reinvestment of dividends.

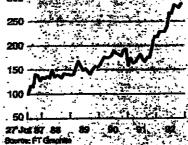
Lower interest rates have so far don

In theory, high-yielding stocks should look relatively more attractive as nominal interest rates come down. Poor dividend growth across the market as a whole has created demand for secure, high-yielding stocks from cashhungry investment institutions. The combination of high yield and a safe dividend, then, should be a stronger support than ever. This could be a powerful prop for water and electricity stocks, for example, despite increasing regulatory risks.

For the rest of the high-yielders, though, interest rates will have to fall further. In sectors such as construction and property, where prices are if anything falling, interest rates of 8 per cent still look punitive in real terms. And while dividend cover for the market as a whole is running well below the long-term average of 2.5 times many high-yielders have to rebuild cover from less than 1. This could be another strong argument for those seeking income to increase their investment in gilts.

Which property company trades at a mere 5 per cent discount to net assets? Which transport stock yields 2.8 per cent and stands on a forward multiple of 17 times earnings? The answer in both cases is BAA, which raises the further question of why this privatised airport operator commands such a generous UK stock market rating.

One reason is the company's ability to appear defensive and cyclical at the same time. Both commercial income and traffic charges, after all, are highly sensitive to economic activity. Another is the benign attitude of the regulator, certainly relative to other privatised monopolies. Perhaps the least well appreciated secret of BAA's success, though - illustrated by yesBritish Airports Authority



terday's 46 per cent jump in interim profits - is its close dependence on British Airways. A striking feature of the first-half results was the sharp tise in transfer passengers at Heathrow, an achievement largely attributable to BA's marketing skills in taking away North Atlantic business from the likes of Lufthansa and Air France. BA's success is just as well, given that it accounts for almost half the passengers using Heathrow and a fifth of those passing through Gatwick.

BAA's long-term appeal remains undiminished. But the 3.4 per cent fall in income per passenger from retailing in the first half and the cautious forecast of second-half traffic growth may hold back further progress for now. There may also be some concern that earnings will be hit by an additional £20m of depreciation when BAA finally comes to write up the balance-sheet value of its assets.

Costain/Hanson

Whatever the outcome of the little spat hetween Costain and Hanson over Costain's Australian coal interests, both sides look like losers. Hard on the heels of losing RHM to Tomkins, Hanson could do without the public rela-tions headache of another deal turning sour. Given Costain's need to reduce debt, it is hardly in its interest for the whole thing to be bogged down in the courts. The difference between the two is that Hanson can better afford the

That Costain needs to sell its prime asset is underlined by how little the shares have risen since the original deal was announced. Even when the money comes in, gearing will be about

- A D V E R T I S E M E N T --

50 per cent. if the preference shares are repaid next year and cash flow remains negative, gearing may well rise to around 70 per cent, even with-out further asset writedowns. To add to its woes, much of Costain's debt is denominated in dollars: it will not ben efft from falling UK rates, but will be hurt by the devaluation of sterling

when its hedging runs out.

Meanwhile the company is stuck with an underperforming US coal operation and its basic UK contracting and construction business. Costain hadly needs an upturn in the UK construction market to revive its for tunes. The Autumn Statement notwithstanding, that looks as pressingly far away as ever

UK public spending

The idea that the government could use proceeds from council house sales to cover higher infrastructure spend ing next year is beguiling. In practice however, it is easier said than done Doubling to 50 per cent, as some have suggested, the proportion of proceeds from new sales which councils can spend would only release around £750m. The real prize is the backlog of unspent proceeds, possibly amounting to as much as £8bn. This money which is supposed to be used to pay down local authority debts, cannot easily be freed without adding to the public sector borrowing requirement.

True, the release could count as selffinanced local authority spending under the government's complex definitions. So it would come outside the crucial £244.5bn planning total for public spending. But, it would still count as general government expendi ture which counts towards the PSBR. Moreover there would be a net rise in public debt outstanding despite local government's large cash balances. Local authorities would have less cash with which to pay down debt. None of this would appeal to a gilts market already fretting that next year's PSBR will easily exceed £40bn.

Worse still for Mr Lamont, the new

spending would remain largely in the gift of local authorities rather than Whitehall. If he wants resources for the infrastructure, the chancellor might be better advised to dip into the contingency reserves or find new privatisation receipts. Even then he may have only a limited amount extra to spend - at least if he really wants to keep fiscal policy tight enough to allow further substantial interest rate

The DTI tried to distance itself "Clark is the public excuse," he destined for use in Iraq's defence Editorial comment, Page 16 said. "All Alan Clark did was tell procurement programme. from Mr Clark, saying his com-Background, Page 9 Russia wins \$36m satellite launch deal

By Daniel Green in London

RUSSIA won its first commercial contract yesterday to launch a western-built satellite into orbit in a deal worth \$36m.

The contract opens the way for Russia to undercut its three western rivals - Arianespace, the French-led European consortium, and General Dynamics and McDonnell-Douglas of the US in the commercial launch market which is worth around \$2bn a

It is also likely to trigger calls for steps to protect the American satellite launch industry.

the delay in approving the treaty

could jeopardise enlargement

negotiations year with Finland,

Mr Uffe-Ellemann Jensen, Dan-

ish foreign minister, sought to

bolster Mr Hurd's position by

declaring that Denmark aimed to

hold a second referendum on the

Maastricht treaty next May. But he warned that the timing

would depend on the Community

reaching agreement on Den-

mark's demands for "legally

binding" exemptions from Mass-

tricht by the EC summit on

Mr Hurd, in turn, supported Denmark by declaring that there

World

Weather

Continued from Page 1

Sweden and Austria.

The contract was placed by

Inmarsat, a 65-nation co-operative and the world's second biggest independent operator of commercial satellites.

Inmarsat also awarded a \$62m contract to launch a similar satel-Arianespace, the consortium which controls half the market. sat council meeting was General Dynamics of the US, which won

Mr Al Gore, the vice-president-elect, and several other senior Democrat politicians have Choice of the Russian Proton

Mitterrand attacks UK

delay over Maastricht

Bouldgne Brussels Budapest Budapest Budapest Budapest Budapest Budapest Cape Yown Carscus Casabianos † Chlosgo † Cologne Coperhagen Cortu Dallas † Dublin Dubrownik Edirburgh Faro

demanded action to stop predatory launching prices by Russia rocket was "pioneering", but contend that it was "commercially unknown". The decision is likely to pro-

voke strong reaction from the

lite on the Ariane rocket built by The loser at yesterday's Inmarthe previous round of Inmarsat

was a "reasonable hope" that the

EC summit could produce a

rough framework for settlement

of the Danish question in Edin-

burgh to allow a second ratifica-

The Danish demands - which

include a UK-style opt out on a

common European currency and

a putative European defence

force - met with a cool reception

from EC foreign ministers. Several EC members suggested

that Denmark's demands

amounted to reopening Maas-

ceptable reratification of the

treaty. A senior Spanish official

described it as "enormously diffi-

cult" to accept the Danish posi-

Franklurt
Geneva
Gebraitar
Geogow
Holainid
Hong Kong
Innebruck
Inverness
Islamabad
Islanbad
Jahorta
Johannesburg
Lesbon
Los Angles †
Luxembourg
Kadeira
Manrid

tricht, and could require an unac

tion to proceed.

new US administration. Last week Senator John D. Rockefeller said that allowing

launch business to go to Russia and China "could jeopardise the US space launch industry". Mr Gore has drawn comparisons between Russian and Chinese launch pricing and Japanese competition in the microchip industry. Russia may win its second con-

tract within weeks. Intelsat, a cooperative of more than 120 nations and the biggest independent satellite owner, is to choose

Continued from Page 1

levels for the year.

Thursday, Mr Lamont will

release details of his Autumn

Statement which sets spending

Mr Michael Howard, environ-ment secretary, said it would

"mark a turning point in the course of the British economy".

The chancellor's proposals, he

said, would present the public with further evidence that the

government was dedicated to

ensuring that all its policies were

tailored to recovery, growth and

Sir Michael Angus, president of

the CBI, told delegates that

Thursday's statement was criti-

cally important and would be

Oporto
Ceto
Paris
Prague
Roykjavik
Rhodes
Rid oʻlaneiro
Rome
Satzburg
Sfrianciaco †
Seoul
Singapora
Stockholm
Shrasboorg
Sydney
Talpei
Tangler
Tei Aviv

Pound falls as pressure

grows for interest rate cut

between Russia, China, Japan Arianespace and General Dynamics for several launches in

The Russian launch, scheduled for 1995, will put into orbit an Inmarsat-3 satellite which will allow the use of smaller portable satellite telephones at ground

The cost to Inmarsat will be several million pounds more than the value of the contract because of satellite modifications needed to make it compatible with the Russian rocket

The Proton rocket, which was built by state-owned DB Salyut of the Russian Federation, will be launched from the Baikonur Cos-

seen as a test of the govern-

ment's determination to bring

about lasting economic recovery. Sir David Lees, chairman of GKN and head of the CBI's eco-

nomic affairs committee, said

inflation should no longer be the

dominant theme of government

policy. The fight against inflation

was "yesterday's battle", he said. "The battle we need to win now

is against the lack of confidence which is holding back growth

Official figures showing that

lower interest rates failed to

entice consumers into borrowing

more last month provided further

evidence yesterday of a continu-

ing lack of confidence in the Brit-

F-Fair Fg-Feg H-Hab R-Rain S-Sunny

and investment."

REVIEW

BUSINESS

into the civil aviation market in Central Europe with its first training contract for the Czech and Slovak Rederative Republic.

New compact ceramic oscillators

ground stations.

CROs are replacing mechanically-

Setting new standards in air defence systems

■ ADX 2000 is a new generation command designed by Ferranti International operations and command centre facilities. The operating system is A typical control centre based on powerful UNIX installation incorporates a large workstation/consoles, providing screen display and a number of facilities. The operating system is a simple user-to-computer interface for the management of

tactical information.

Developed from operational systems currently in service in the Middle East, the Ferranti ADX 2000 provides the basis for an integrated national air defence network. The system maintains an inventory of air defence resources and their status in terms of disposition and availability. In operation, should the network come under threat, the system wili correlate information from radars and other advance warning systems

situation. Each control centre can be strategic requirements from a screen if necessary. headquarters

and compile and maintain the

overall picture of the air

control air defence command system information centre to a single air picture display for use at a provide comprehensive forward air base or anti-aircraft weapon site.

operator consoles. Each position can be equipped with up to three

The principal screen would normally be configured to present the general picture with track displays over the selected area of interest. A supporting "Tote' display is used for database information such as alert states, the availability of defence resources; flight schedules and weather details. The third screen provides additional space for the communications panel and a tv/

video conferencing option.
All display interfaces are based on X-Windows and OSF/Motif enabling the user to allocate screen space according to his immediate priorities and access configured to meet specific different types of data on a single

Ferranti-Thomson torpedo trials contract

Ferranti-Thomson Sonar Systems contract, worth approximately £3m to with underwater range facilities. supply 45 sets of Sting Ray torpedo recovery and instrumentation sections plus associated test and

commissioning equipment. next year and will continue through to early 1995.

assess the performance of the torpedo. has won a Ministry of Defence The equipment works in conjunction

A key element of the system is a miniature data storage recorder which will be provided by GEC Assionics. Ferranti-Thomson will integrate the The work will be handled by the complete instrumentation package company's factory in Church comprising the transducer multi-Crookham, near Fleet. Initial plexer, digital/analogue recorder. comprising the transducer multi-plexer, digital/analogue recorder. deliveries are scheduled to start late acoustic transmitters, pressure sensors and transducer arrays.

The equipment together with a Installed in place of the torpedo's flotation collar and beeper location warhead, the recovery and device for recovery, will be packaged instrumentation sections are used to into a 324mm hull section.



The pressures of deregulation, growing competition and rapid technological change are forcing senior managers to look carefully at their IT budgets. Alan Cane finds that the financial community is demanding more for its money

New search for value

THE world's big financial institutions may have killed off the computing "dinosaurs" huge projects which promised to integrate every aspect of their businesses - but they still have to learn how to exploit information technology (FT) for survival and growth.

A decade ago Dr Eckart Van Hooven, then head of Deutsche Bank, told a conference a price had to be paid to move into the new world of electronic banking, adding: "If the price means giving up the identity of the banking profession as we know it today, then for me the price is too high.'

But in spite of predictions that technology would eliminate distinctions between financial institutions, they have remained separate in culture, management style and business strategy. And for most, it is the cost of the technology that seems too high.

The dinosaur projects, epitomised by Anacomp's Ill-fated integrated banking system or Midland Bank's cancelled "Megabank" project, were creatures of the 1980's, nurtured in those balmier days when money was seemingly no barrier to attempts to scale the

technological heights. Today, a more realistic regime prevails. The pressures of deregulation, increased competition and technology chang-ing at an unprecedented rate are forcing senior managers to

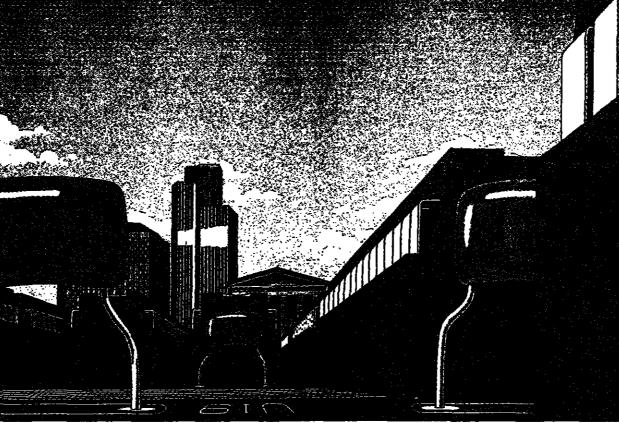
examine their investments in IT more carefully. Expectations of the technology are rising. but budgets are under close scrutiny. There is also a new understanding that technology is a moving target and that standards laid down in megaprojects are impossible to

A survey of IT operating costs in Europe carried out by Andersen Consulting shows that the rise in IT operating costs is set to continue. It sug-gests these costs are rising at an overall rate of 21 per cent a year, compared to 5 per cent for other non-interest costs.

Andersen says: "The dramatic 30 per cent growth in capital expenditure between 1988 and 1989 has faltered slightly but there is commitment to the next wave of massive investment in technology". It warns, however, that the economic justification for large scale expenditure on IT is becoming increasingly difficult. Unit costs have not been reduced; revenue generation has not been adequately

Suppliers of computing equipment are keenly aware of the pressure on IT budgets. Mr Roger Bellass, managing director of Tandem's UK subsidiary, says the total amount spent on computing equipment by the financial community has fallen: "Institutions are

looking closely at the cost of



ownership." Tandem is one of a number of companies that supplies banks with equipment for "mission-critical" applications, where computer failure has an immediate consequence in terms of money lost or cus-

tomers angered. Mr Robin Stainer, Andersen Consulting's retail banking specialist says that senior managers are determined to achieve better control of their technology. While at one stage IT was seen as a black art, an understanding of the potential and pitfalls of computing is now recognised as an important component of a financial specialist's skills.

Three main issues now dominate thinking about IT in finance: downsizing, security and out-sourcing. All are a con-sequence of the increasing power and falling cost of today's microelectronic technology. All are concerned with keeping a cap on costs and ach-

ur 16 MB RAM o

I EISA (optional)

leving value for money.

• Downsizing implies the substitution of low cost networks of small computers for large and expensive mainframes. The financial services business has traditionally been built around mainframes with huge processing power and the capacity to handle a database of millions of accounts.

"Client-server" is the name given to a network of smaller machines which operate collaboratively to process a workload. The clients may be personal computers or workstations. In a simple network, the servers might also be workstations, but could also be either mainframes, or even supercomputers. The database may be distributed through the

Lively debate surrounds the question of which approach offers the most advantages.
Supporters of mainframe technology argue that in the

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long run, centrally managed data is cheaper and more effective. They also point out that software for collaborative processing in client-server networks is at an immature stage

single biggest technological

concern for the financial ser-

vices business. As managers

have become more knowledge-

able about computing and com-

munications, they have become aware of the risks to

in the UK, the subject has

been given added impetus by

worries about the integrity of

plastic card processing

Questions have been raised about so-called "phantom"

withdrawals from automated

teller machines (ATMs), cash

taken from machines appar-

ently without the card owners' knowledge or consent. While

such withdrawals amount to

only a tiny percentage of the card fraud, they indicate there

may be unexplained loopholes

This is an important ques-tion for banks, building societ-

ies and any other financial

in the ATM security.

their business in networking.

Data processing management of personal computing systems is at a similarly early stage. A survey by the consultancy Nolan Norton shows that personal computing management practices are relatively immature. "On average," it says, "current personal computing practices are only 34 per cent effective, compared with 81 per cent effectiveness in traditional mainframe environ-

Client-server advocates point to lower costs - perhaps as little as 25 per cent of an equivalent mainframe system; PCs are less expensive on a price/ performance basis and cost lit-tle to run.

 Security has become the institution using ATMs as a

cost-effective way of expanding

Barclays Bank in the UK says: "The idea that money can mysteriously disappear from an account without the use of a card and the correct personal identification number is a pure

The question will shortly be tested in the British courts. In the meantime, the principal banks are debating a move to "smart" or chip cards with a renewed enthusiasm. Smart cards, which contain a microprocessor and memory, are virtually impossible to fake. The banks are also experimenting with cameras in ATMs to establish without question customer identities. Biometric methods including fingerprinting and signature verification are also being tested.

financial services companies are experimenting.

It implies passing over to a

tre and computers frequently the payroll.

resents a significant change for companies which have seen

confirmation is a

□ Retail banking: replacing administrative chores with keystrokes allows banks to concentrate on customer service

Trading: cheaper technology is permitting the establishment of independent markets

 Out-sourcing is perhaps the most controversial of the costsaving measures with which

third party control and man-agement of the data centre against an agreed level of service. In practice, the data cenpass into the ownership of the third party while the data processing staff are taken on to

According to the marketing consultancy Dataquest facilities management or out-sourcing is set to grow by 20 per cent annually in the UK. It reptheir data processing systems as their source of competitive advantage.
Nevertheless the London

Stock Exchange earlier this year agreed to pass responsibility for running its computer systems to Andersen Consulting in a deal worth up to £15m a year over the next five years. Other financial sectors are following suit. Mr Michael Kelly, head of Touche Ross's asset management and insurance division recently wrote that insurance firms no longer believed they could secure a competitive edge through tech-nology: "Companies have matured in their views on IT.

They are saying, 'Let's give IT

to the professional managers'."

technology but many obstacles lie in its path ☐ The general insurance market: electronic data interchange is seen as the best way forward

☐ Lloyd's: the move to the

electronic marketplace is

Limnet: the London

insurance market is

beginning to embrace

proving painfully slow

IN THIS SURVEY

curtailed, but IT can still

prove a powerful weapon

lurches into action,

trade

Page 2

reality

Settlement: As Taurus

electronic

■ Wholesale banking: Ambitions have been

☐ Building societies: in the housing market has forced reassessment of IT and business strategies Deconomic modelling: UK forecasters have a dismal record in the accuracy of their predictions

□ Security: risks to computer systems are Increasing as more transactions are being handled electronically Page 6

🗆 A software supplier: Swiss-based **Partners** □ A hardware supplier:

California-based Tandem

☐ Profile: the Bank of Edinburgh

The US; banks are taking another look at the way they handle cheques Page 8

Editorial production Sarah Murray

andards sections.

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COMPUTERS IN FINANCE 2

WHOLESALE BANKING

IT put firmly in its place

of financial institutions, money is now a serious subject.

Since the stock market crash of 1987, the advance of IT has stalled. Too many organisations believed competitive advantage was the only goal worth achieving and the route to that goal lay in signing up for ambitious and often unproven systems. Vast outlays on state-of-the-art dealing rooms looked a poor investment when banks started sacking dealers by the hun-

Developments were still needed, but the emphasis was on cutting IT spending. Ambitions have been curtailed, but IT can still prove a powerful weapon in the competitive trading battle. If the order of the day is cost-consciousness, some institutions have learned to use their bedrock of

IT experience as a revenue earner. At Barclays Bank expertise in Electronic Data Interchange (EDD has proved attractive to third parties. The bank has spent £4m on establishing Barclays Trading Master. This is a service that allows corporates to out-source receivables and payables.

Messages are received in industry standard EDI format and full settlement is achieved via Barclays' Cheshire computer

TO THE Information Technology directors centre. The need for customer intervention

For Barclays, this kind of service has more promise than high-profile adventures in the retail banking sector. "Issues like smart-cards are on the back-burner now," says Mr Tim Earles, Barclays senior product manager for EDI. "We want to reduce overheads for corporate customers, to take

that responsibility off them."
Of the 1m UK businesses Barclays has identified, so far only 5,000 are using EDL. The aim is to establish a global EDI infra-

'We want to reduce overheads for corporate customers, to take that responsibility off them'

structure that reduces the administration burden for clients while keeping Barclays' computer operations busy. The Trading Master software was written internally in conjunction with systems house EDS.

Mr Ranald Bain, director of financial services at EDS, is familiar with the drive to squeeze every last penny of value out of an IT infrastructure. As a prominent third party contractor, his company stands to

benefit. But Mr Bain has words of caution. "It can't just be about costs. Its got to be cost allied to service quality and value." Mr Julian Wood, a City IT consultant and visiting lecturer on banking at the City University Business School, has seen institutions vent their anger on the IT department after technology spending failed to yield proportionate results. How-ever, he thinks the vengeful mood has had its day. "That's given way to a more mature level of understanding. Money's

City dealers go out looking for new dealing rooms, but they have become cautious. Telerate, the market data feed company that ventured into dealing room software to manipulate price information, is well aware of the sea change that came after the 1987 crash.

definitely tighter and the renewal cycle has expanded. But physical factors like relocation will still demand new IT pro-

"In the roaring '80s they bought everything on the market. Now they want to fit the products to their needs," says Mr Bruno de la Rivière, Telerate's regional manager for systems and markets. He has just sold a 48-position trading room to merchant bank Schroders for around £750,000. It was no easy deal, he says. From the first contact with the customer to securing a signature on the contract took over 12

It would never have happened in the old days, when banks set up shop in purpose-built high-tech offices and clamoured for any new technology that would put them one month ahead of the pack.

In the post-deregulation euphoria that swelled the coffers of financial technology outfits there would have been no question of building the entire dealing room for



Schroders' trading room set up by Telerate: digital data feeds allow staff to ma trom different market data providera

client approval before receiving payment. But that is what Telerate had to do to before Schroders would accept its Trading

Room Product (TRP).
"We're a live dealing room. We didn't want to install a new system and go through software testing on site. I wasn't happy doing that unless I could see the whole system up and running. It had to be right and then installed over one week-

Mr Lester Gray, head of treasury support at Schroders, recognises that IT enthusiasm went too far during the mid-1980s, but is keen to distance Schroders from these excesses. "We never got caught up in keeping up with the Jonese

Mr Gray got what he wanted, a treasury dealing room using digital data feeds that allow his staff to mix, match and manipulate information from different market

While operation of Taurus is at last in sight, ETC is moving rapidly ahead

Light at the end of the tunnel

data providers. He is reluctant to admit to driving too hard a bargain, stressing the nced for banks to maintain a cordial rela-

tionship with suppliers.

But one technical watershed has played a critical role in returning power to the customer. Open systems - enabling the running of software across a range of hardware platforms without worrying about compatibility - is important to the IT industry. And open systems has actu-

ally delivered on its promise.
This means Schroders was able to concentrate on software, the real tool its dealers would work with. In a recent speech to an international banking conference in Brussels, Mr Shigenori Nagata of the Nomura Bank research institute was cynical about the workings of the computer industry. Pointing out that only 20 per cent of Nomura's IT costs went on devel-

oping systems to support the business. Mr Nagata blamed the large number of propri-etary systems used at Nomura for its inability to reduce the size of operations and the large number of in-house experts

needed to keep diverse systems rutning.
He concluded that cost efficiency would come "via the route of standardisation" The policy of standardising equipment within one bank was not enough. "Only the application of industry standards will provide full satisfaction," he said.

Nomura has discovered that the era of competitive advantage through unique IT projects was no more than an excuse for suppliers to write their own script. Adventurous developments will continue, but with the IT industry put firmly in its

Michael Dempsey

"THE ABILITY to do a deal always runs ahead of secure settlement and the custody function." This comment, from Mr John Griffin, director of business administration at GT, the fund management group, sums up the frustrations of trading in international equity markets.

Capital may move more readily across borders, but the infrastructure needed to support such capital flows is still under development.

The emerging markets of Latin America or Asia provide the biggest headaches. most have been concerned more with attracting foreign capital than with worrying about how to modernise their settlement and payment systems. The financial scandal that engulfed India this year is a direct result of an inadequate settlement system, although in the money markets rather than

the stock market itself. The emerging markets are not alone. A number of more developed countries, among them the UK, still function on antiquated stock market settlement arrangements. The huge growth in financial markets in the 1980s prompted a concentration on "front-end" trading systems, with too little attention given to automating what happened after a trade had been struck. Until these national systems have been revamped, links between domestic stock markets, making international securities investing easier,

The slow progress on London's paperless system, Taurus, could soon yield results. After over a decade, the system has at last entered the early stages of testing and is scheduled for some time from next September onwards. But while London enters the final lap in the development of Taurus, it is worth remembering that at least one backoffice activity is being automated

Trade confirmation is one of the main steps in the process that starts with a stock market trade and ends with cash and shares changing hands. Confirmation of the details fax. At the end of 1991, a group of investment institutions, led by

Just a year later, electronic trade

of a trade usually travels by telex or Fidelity, the Boston-based fund management group, decided the process should be automated.

will remain a long way off.

with the minimum of fuss.

confirmation (known as ETC) is a reality. Two systems, developed by the London Stock Exchange and institutions. There is no whiff of Thomson, have been launched, political compromise about the proj ect - custodian banks, who have while a third, from the International Securities Markets Associaasked to be admitted to the system, tion, is due before the end of the have so far been left on the outside. The first priority is to complete the system and get it accepted by year. All conform to the same standards and links between the three brokers and investors, says Mr are planned for next year.

It is all a far cry from Taurus, Leaving aside the scale and techni-Not a whiff of cal complexity of each project (Taurus is in a league of its own), the comparison is instructive. surrounds the ETC project

Taurus is a political compromise designed to square the conflicting demands of its many users - brokers, registrars, banks, investors and listed companies. No wonder that each of these groups has at times sounded unenthusiastic about the final design: you can't please all of the people all of the time. ETC, on the other hand, is a solu-Taurus represents an attempt to use

tion to a specific problem, prompted

by a particular group of financial

political compromise

Chris Smith of Fidelity. That involves building the links between the three competing systems, and extending the concept around the world (the initial ETC project is intended for investors in Europe). Another big difference is that

technology in order to preserve the

status quo, while ETC looks ready

ture of the share transfer system. Registrars, for instance, retain a central role, maintaining details of shareholdings for the vast bulk of shareholders (they will become known as "company account controllers"). Only when rolling settlement comes into operation - when all stock market trades are settled a set number of days after they have been agreed, probably five - will the nature of share settlement change markedly.

The extent to which ETC alters

Taurus was designed in many

ways to mimic the existing struc-

the relationships between stock market participants is difficult to predict. Ostensibly, the system is being built to serve a limited func-tion, replacing existing communication methods with a more efficient

However, by putting institutional

investors on the same communica-tion network, it could in theory provide the basis for greater direct contact between them, in the process by-passing traditional stock market intermediaries such as brokers and custodians. This is the clearest example so far of the way in which technology is changing the boundaries between different intermediaries in the securities markets.

Meanwhile, Taurus seems at last to be within reach. Barring unforeseen technical problems, the biggest threat to the successful implementation of Taurus is the attitude of listed companies. Each company must ask its shareholders' permission to "dematerialise", or make the switch to the new system.

Enthusiasm has been lacking on the part of listed companies for the system so far - fears that Taurus will make it more difficult to identify the beneficial holders of a company's shares have not subsided. Many also believe that, after all the delays, the technology will have to prove itself before companies make the switch.

Marks & Spencer has been the most open in voicing this sentiment, but others feel the same. "I sense a reluctance," says Mr John Watson, the Taurus project director. 'Companies are saying 'we can't see it and touch it'. That's an inevitable reaction - but it's one we are gradually overcoming, I think."

The reluctance of companies to join could extend the phase-in period of Taurus, leaving the City in the expensive position of running an electronic settlement system and, in parallel, the existing paperbased one. That will eventually leave listed companies paying larger bills for share registration. says Mr Watson. "Companies need an effective registration sector and they're putting it's costs up."

It will be a great irony if, having struggled for so long to get agree ment on and then build Taurus, the Stock Exchange fails to persuade many listed companies to use it.

Richard Waters



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> > **FINANCIAL TIMES**



Retail banks are employing contractors to sort out their IT requirements

The customer now comes first

COUTTS Bank clings assiduously to the frock coat and royal family image that befits a 300-year-old bastion of the English establishment. Customers need £70,000 a year to open an account and, once they have done so, claim the famous red leather chequebook holder.

The atmosphere projected by Coutts seems a world away from hole-in-the-wall cash machines and computer driven funds transfer networks. But Coutts knows its 40,000 wealthy customers expect more than a quaint uniform and impeccable social connec-Foreign exchange - in seri-

ous sums - is a common preoccupation of Coutts account holders. The bank's 30 exclusive branches handle some 1,200 sterling transactions every day. These involve amounts large enough to be extremely sensitive to slight variations in exchange rates. Until this year, foreign confirmation with Coutts head office and extensive manual intervention. Although customer disquiet has not been in evidence, since 1988 the bank has been trying to automate a large part of this process and

adapted software package from McDonnell Douglas, International Banking System (IBS), was brought in and applied to the task of pushing most foreign exchange work out to the

in terms of customer service, the £700,000 project has allowed Coutts to concentrate on what it is best at. The personal touch is what differentiates Coutts from High Street banks such as its parent Nat-West. Now the branch staff

Replacing administrative chores with keystrokes has eliminated a lot of donkey work

have greater autonomy over straightforward deals and foreign exchange specialists are only called in for the tricky minority of transactions. Replacing administrative

eliminated a lot of donkey work, leaving Coutts people with more time to attend to its well-heeled customers. The choice of IBS was a mark of Coutts' indepen NatWest runs IBM mainframes, but Coutts is happy to

stick with Digital Equipment

hardware. McDonnell Douglas

chores with keystrokes has

makes hardware, but Coutts was only interested in its softwere offering

It saw IBS as a system that could be drastically changed to meet localised needs. McDonnell Douglas' willingness to co-operate is a clear sign of its steady drift out of the hardware sector. The erstwhile boxmaker is keen to establish a new image as a flexible systems house that can supply appropriate programs to run whatever hardware platform suits the user.

This is a trend that suits the finance sector with its multiplicity of systems. No one IT supplier can meet the needs of a large bank and the days of computer companies presuming to dictate the agenda of financial institutions are well

Barclays Bank keeps its branch network running with a wide range of computer and banking equipment. For the past four years this catalogue of gadgets, ranging from bomb detectors to ATMs, has been maintained by one IT supplier. Barclays appointed Olivetti to take over the task of dealing with 200 separate maintenance contracts in a deal initially

worth £56m. The policy has worked, and Barclays has just renewed the

tract that takes it up to 1997. Mr Brian Newman, a senior purchasing manager with Bar-clays, says Barclay's is now down to 20 sub-contractors for branch automation, all dealt with by Olivetti. Barclays signs the cheque and gets on with its

primary concern of retail bank-Going to one IT company to manage branch systems has not committed Barclays to one source of computers and software. Quite the opposite. Like McDonnell Douglas, Olivetti has learnt to co-exist with whatever equipment the customer installs. Mr Newman perceives a neat irony in this. "Ironically, Olivetti have won relatively few IT contracts during the life of the branch automation arrangement," he says. Building societies have become indistinguishable from banks in retail services and

hard-headed IT strategies. The National & Provincial is buying in software from financial systems giants and commissioning adventurous work from small development shops. N&P is trying to galvanise its senior executives with a £300,000 suite of software from NCR. The idea, feted in IT industry jargon as groupware,

Familiar PCs run the NCR Co-operation program across 60

A graphics-based front-end encourages directors to break away from their secretaries and share decisions with colleagues through the key-board. N&P used The Software Partnership, a 100 strong systems house in Cheshire, to pull its Max telephone banking package together. The Software Partnership is in business to

Banks recognise the value of an IT consultancy with dedicated knowledge

promote Architect, a software tool written with the banking sector in mind. Architect, says The Software Partnership's marketing direc-

tor Mr Nigel Walsh, "can connect any device or network into the bank's financial products". It provides a formal framework for programmers working on a project and automates much of the time-consuming coding process. For £500,000 N&P got Architect, the hardware to run a telephone banking system, and a result is to encourage live pooling of that its marketing department

younger customers. The Marlborough Stirling Group (MSG), a Cheltenhambased software house, is dedicated entirely to financial advice programming. It installs

thought would appeal to

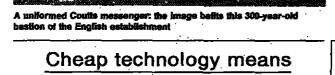
packages that guide bank staff through financial counselling with the customer. Unlike large systems houses MSG has stuck to the one niche, employ ing its own actuaries and legal experts. MSG charges between £100,000 and £750,000 per insti-Banks and building societies

have recognised the value of an IT consultancy with a dedi-cated knowledge base. After eight years in business MSG. counts the Bristol & West building society and Allied Irish Bank among its clients. For them, MSG represents a practical answer to a specific problem. And there is no danger of a small consultancy try-ing to expand its involvement and lecture to the entire busi-

Persuading the notoriously opinionated IT industry to work to the customer's blueprint has never been easy. In the past large suppliers were all too keen to elevate IT as an

end in itself.
But financial institutions have found that by confining contractors within strict project guidelines they can reclaim the high ground of policy making and get back to banking. It is one innovation that will cer-tainly benefit the customer.

Michael Dempsey



trading is becoming fragmented

Markets start to multiply

EVER thought of setting up your own stock market? Thanks to advances in information technology, it has never been cheaper - as evi-denced by a proliferation of new trading systems, each fighting for a share of turnover in the international equity

Access Dem

markets. The new wave of technology oses some difficult questions for policy makers, however. Do the users of stock markets investors and companies want-ing to raise capital - benefit from competition or are their interests harmed by the resulting fragmentation of stock market trading? Is computing power actually reducing or distorting competition in stock markets, for instance by allowing some hig broker-dealers

effectively to run their own pri-That technology has brought down the cost of running a market is shown by the plans ing to raise \$11m to finance a trading system to take on the London Stock Exchange. The

it will be easier for investors to trade directly

annual running costs of Tradepoint will amount to around \$5m, says Mr Peter Bennett, chief executive and himself a former director of the London exchange. That means, to break even, the system needs to capture just 1.5 per cent of institutional share trading in London, he estimates.

Compare that with the London exchange, which has cut back on staff in the past two years yet still faced running and costs of £170m last year. Of course, the exchange does not only run a trading system: for instance, it sells information, settles share trades and acts as a regulator of share issues. But, faced with having to work with the technology it already has, rather than being able to start afresh, the exchange's technology costs are inevitably

higher than its newer rivals. It operates with six different ginframe computer types and eight different programming languages. It employs eight separate networks using four different protocols and 11 supliers. This – and the weight of its history and regulatory responsibilities - means the exchange looks slow to react to technological change compared

with its faster-footed rivals. It faces one other big handicap; being owned by brokerdealers, it is under pressure to develop trading systems which benefit broker dealers. Yet technological development should make it easier for investors to trade directly, cutting out the middlemen altogether.

Apart from Tradepoint, the exchange's rivals include instinet, the Reuters-owned trading system which has built considerable market share in the US but has yet to develop a strong following in Europe.

Both systems are intended to bring institutional investors into contact with each other, allowing them to trade directly and so by-pass the costs of

dealers and stock exchanges. Both recognise, though, that active traders are needed to make their markets function, and so try to harness the risk-taking of broker-dealers to provide a more continuous mar-

Bringing investors together in this way is, technologically speaking, fairly simple. Tradepoint's system, which uses software developed by the Vancouver Stock Exchange, routes investors' buy or sell orders on to a central order board; other investors can then deal against these orders at will. Tradepoint also plans periodic computer auctions of less-actively traded stocks. Instinct, on the other hand, allows users to negotiate over price before reaching a

This growing competition in the European equities market already has its parallel in the US. The New York Stock Exchange has been under attack for some years, as evidenced by the fall in its market share of equity trading in the US. It remains the centre for trading in NYSE-listed stocks, but a number of alternative trading systems have discovered a profitable niche operating around the market's

This technological revolution poses one of the most difficult questions for stock markets and the policy makers responsible for them. Is it beneficial to fragment trading in this way, or has technology made markets less efficient for investors? Exchanges complain that, outside their markets, trading is often done by reference to their market prices: yet brought to the market, they cannot influence the central

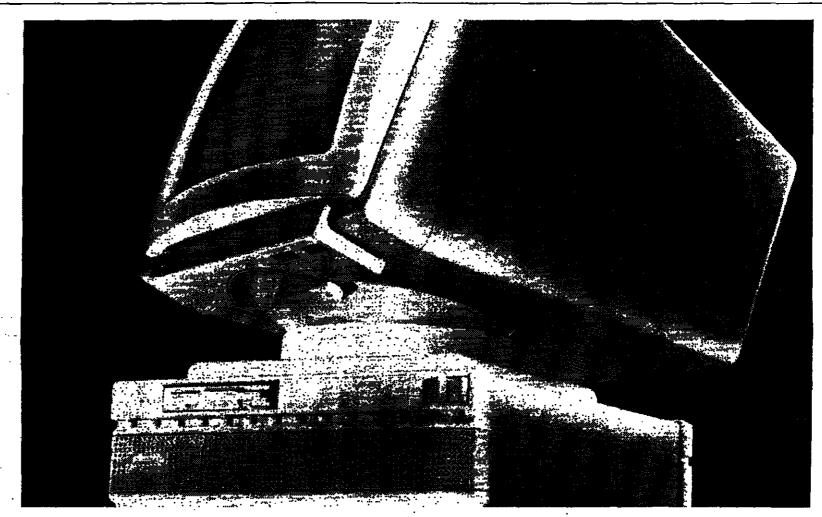
tral market itself less efficient. Arguably, such fragmentation started taking place in London, even before the advent of systems such as Tradepoint. Big securities houses, such as BZW, have developed ms for capturing and fe ing orders through to their in-house market makers, who promise to trade at the "best

price" available In effect, these houses are already running their own private markets. Stock market regulators have allowed technology to shape the markets in this way, so are unlikely to to try to prevent further fragmen-

The launch of new trading systems - and a move by London and continental exchanges, to fight back with their own new technology will mean a proliferation of trading screens in brokers' and investors' offices. Instinct and Tradepoint add to this diver-

Not all are likely to survive. By definition, markets are only successful if they attract enough trading activity to make other traders want to use them. Those that do not establish this critical mass will wither away as traders focus their attention on the marketplaces where the action is. For those electronic markets that win, the future could be very

Richard Waters



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Lloyd's underwriters take their time over computerisation

Traditionalists addicted to paper and ink

UNDERWRITERS at the 300 cially among underwriters year old Lloyd's of London whose main business is underinsurance market are overcoming their scepticism about new new technology but the journey from traditional methods of trading to the electronic marketplace is proving painfully slow.

Little progress has been made so far in either placing business or in processing claims electronically. And brokers perceive Lloyd's to be lagging behind its rivals in the company market. Yet there is a growing realisation among the market's underwriters that new technology must be

A Lloyd's syndicate was one of the first insurers to underwrite a risk electronically when the electronic placing support (EPS) initiative came on stream in the London mar-

ket earlier this year. So far, though, only 20 agencies of the 100 or so managing syndicates trading in the market this year have equipped their syndicates to trade electronically via the a system called electronic placing sup-

port. Many older underwriters have yet to overcome their fear of new technology. Only a handful of personal accident and reinsurance deals have been placed electronically up

to now. Mr Terry Hayday, the chairman of the Lloyd's Network Steering Group which co-ordinates the activities of Limnet at Lloyd's, explains that electronic placement has always been designed to support rather than replace the tradi-tional face to face negotiations between underwriters and bro-

"We are well aware that the penny has only just dropped that electronic support means iust what it says." says Mr

Even so, there is widespread scepticism on the market, espewriting more complex individual risks.

"It is not going very far. I'm a bit cynical about it The market as a whole seems to be labouring with it," says Mr Mark Bodkin, an underwriter with one of the market's biggest syndicates, Cater Allen

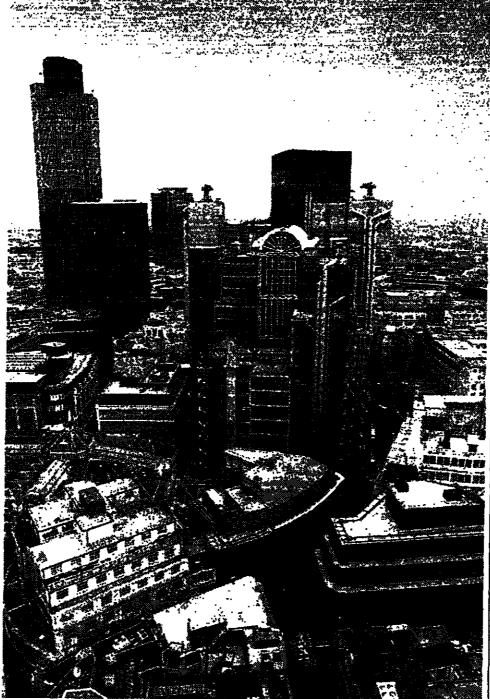
"It is not really relevant for the husiness we underwrite We require a lot of information. You can get far more out of a broker than you can from black and white numbers on a screen," adds Mr Bodkin.

Mr Hayday accepts that the initiative has been launched at a bad time, with many syndicates hard-pressed for cash. Even though connection costs bave fallen over the past few months, Mr Hayday accepts that underwriters "are naturally understandably reluctant to commit themselves until they know what the volumes going through the system will

"In today's environment where there is great emphasis on cost cutting it is difficult to persuade people. For a number of people whose syndicates may not be around next year it is not the highest priority."

Lloyd's has made less progress in another area of electronic trading, that of claims processing. Insurance companies who are members of the Institute of London Underwriters and London Insurance and Reinsurance Market Association are already processing more than 50 per cent of their claims payments electroni-

By contrast the Lloyd's market has only just begun to rationalise its existing paperbased claims bandling systems. Until July this year, claims that were paid by the market's marine, non-marine and aviation underwriters were all processed by separate offices.



Lloyd's of London: the break with 300 years of tradition is painfully slow

The recently established unified claims office has yet to introduce an electronic claims system, although it is launching a pilot scheme at the end of next March and, at present, it envisages the introduction of a full scale system in 1994.

More progress has been made in a third EDI application, for processing reinsur-

Underwriters are probably more optimistic about Lloyd's

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possibilities in this area than any other. Mr Richard Holliday, of syndicate 40, for example, believes that the LORS system will greatly add to the market's efficiency and bring immediate benefits to individual underwriters.

The cost of generating reinsurance recoveries will fall. At the moment there are mountains of reinsurance credit and debit notes floating around," says Mr Holliday. "The new

Picture; Ashley Ashwood system will help with cash

In spite of the doubts. though, everyone recognises that Lloyd's must come to terms with new technology. "I think there is an awareness that we have to wake up to

new technology," he adds. Mr Phillip Davies, of the Octavian Agency, whose syndicates have been among those linking up to the electronic placing support system, summarises the mood.

He says that his underwriters regularly check the system but rarely find any husiness is being offered. "It's is a bit like when fax machines started. Somebody had to start getting

The London insurance market approaches change at varying speeds

Structural obstacles litter the route

SIX YEARS after "big bang" and long after other city financial institutions have changed their working practices, the London insurance market is slowly beginning to embrace new technology. But the pace of change has been uneven. Larger insurance brokers -

professional insurance buyers and insurance companies have backed the changes which they believe will radically increase the efficiency of the London insurance market and improve its ability to compete against European and North American rivals.

"Insurance is like any other business in that nothing focuses the mind more than the prospect of losing clients and making losses," explains Mr Max Taylor, chairman of the board of Limnet, a London market network which links up underwriters and brokers from all sectors of the London market

ogy have been forced to tackle an array of structural and cultural obstacles. The London insurance market is highly fragmented, divided by function, market specialisation and

Brokers who buy insurance on behalf of commercial clients

branches or divisions, are members of the institute of London Underwriters (for marine business) or the London Insurance and Reinsurance Markets Association (for non-marine business), do not always see eye to eye with syn-

Above all there are few big players, who have the eco-nomic weight within the market to force through changes. Lloyd's consists of more than 279 syndicates managed by about 100 agency groups and the ILU and Lirma each has more than 100 members.

This is in sharp contrast to the structure of the retail market's structure, where new technology has been introduced rapidly and thoroughly.

Huge supermarket chains have been able to use their eco-

says Mr Tim Taylor, of IBM which supplies hardware and systems support to the London Insurance Market Network (Limnet). Many underwriters have a small business mentality. "People are jealous of their own independence," says Mr

Lloyd's, the ILU and Lirma agreed to develop common market standards for electronic communication in 1987. However, given the market's fragmentation, progress has inevitably been uneven. It has been most comprehensive in backroom operations farthest

Limnet chairman Max Taylor:

losses concentrate the mind

to day trading activities.

removed from the markets' day

Limnet's "signing and

accounting messages" applica-

tion handles the cash flow

transactions that follow the

placement of a risk. Brokers

and underwriters deal with all

these accounting transactions

via centralised market bureaux

such as the Lloyd's Policy

These act as financial clear-

ing houses. Virtually all these

transactions - some 28m a

year - are now handled elec-

day to day business of placing

business and handling claims, progress has been understand-

ably slower. However, both

ILU and Lirms companies now

process more than half their

claims electronically, while

some individual brokers han-

Willis, for example, processes more than 80 per cent of the

dle a much higher proportion.

In transactions affecting the

tronically across Limnet.

Signing Office.

Supporters of new technol-

business organisation.

have no direct community of interest with underwriters. Underwriters of traditional marine insurance sometimes see their interests as quite distinct from reinsurers or insurers of large commercial risks. Insurance companies, whose

dicates at Lloyd's of London.

claims it deals with over the electronic system. Even the Lloyd's market, where three separate claims offices were

end of next March

Ms Jenny Shaw, executive director of Willis Corroon Group information systems division, says that the average time it takes to pay claims has been reduced five weeks to between two to three weeks.

This has yielded important savings for Willis which has been able to handle the huge volume of extra claims emerging from the London insurance market's recent heavy losses without having to take on extra staff.

Ms Anne Waite, divisional director of Willis Corroon's marine division, says that the system has helped staff avoid mistakes and improve the consistency of its data.

Progress in electronic placing of risks by brokers has been much less rapid. This is partially because many underwriters are only just beginning to understand how the EPS system can support the more complex face-to-face negotiations which are such an important part of business in the London market.

The bulk of the more than 200 risks placed electronically since the system came on stream in April have been for insurances such as personal accident policies, in which terms and conditions tend to be standard. In the insurance of more complex risks, electronic trading supports rather than replaces face-to-face negotiations.

For example, Mr Richard McFariane, international property broker with Willis Corroon, recently spent up to 20 hours in talks with two "lead" underwriters to agree on a large portion of the insurance of an Australasian power

These "lead" underwriters examined a range of details about the risk, ranging from the geology of the area where the plant was located, to the cost of alternative power supplies, before agreeing a pre-

Once these matters were agreed, support from a "follow-ing market" - made up of more than a dozen other insurers - was gathered electronically. The ability to trade in this way saved the brokers and underwriters time and money

Richard Lapper

WHEN Karl Benz built the first already in place in the UK requiring that a person should walk, carrying a red flag, in front of any car. The UK insurance business has historically had its own red flag for technological developments - an inbuilt suspicion. However, in the last five years this attitude has changed, radically in some

Some people within insurance have seen the need for the application of computers oped EDI standards for motor heyond just word processing or use of the odd spreadsheet. They have worked hard to promote electronic data interchange (EDI), and several initiatives have made progress in this direction.

Electronic trading is the future for insurance, and it is likely that within the next few years the passage of insurance transaction information over computer networks will be as ubiquitous and unremarkable as the use of a motor car to get from A to B.

Electronic trading of insurance requires the sending of standardised, structured information securely between the parties involved in the transaction - client, broker and insurer.

tion to flow over networks between brokers and insurers. Limnet is one such initiative which involves the London insurance market. Within the UK there are parallel initiatives in the elec-

tronic trading of personal lines insurance - motor, household and life - and in commercial lines. As Mr Mike Austee. director of electronic marketing at London & Edinburgh Insurance, says: "It is imperative for the market that we get EDI moving to get rid of both paper flows and the duplicate entry of data." Motor business has forced

the pace. A large boost to electronic trading was given by the Automobile Association, a leading motor insurance broker which is part of the BROK-ERNET EDI community comprising insurers, brokers, and International Network Services (INS) - the operator of the mation flows

Motor trading sets the pace for instant data swapping

The process is irreversible

insurance, and the momentum required for the widespread adoption of these standards came largely because of the volume of business done by the AA. In September 1992 INS saw a flow across the network of around 400,000 electronic documents of a dozen different types. Around half of this flow involved "new business" motor

insurance transactions.

Mr Colin Billinge, director of INS, argues that there are two encouraging signs. Firstly, initial resistance to the setting of standards has been overcome. Secondly, the phrase "electronic trading" has become accepted within the insurance industry. Standards are vital to

Current initiatives aim to allow insurance quote, proposal, policy, claims, adjust-ment, renewal, accounting and other administration informa-

by INS and IBM link to the insurers' computer systems.

to walk into a broker, see a motor quote, choose a policy, have a proposal and a cover note printed off, and for the information to be sent down the wire to the insurer. Account reconciliation between insurer and broker is also available. The next step is for EDI links

renewals, and claims. EDI would then, for example, allow a broker to follow the progress of a claim by linking in to the

relevant insurer's internal computer system.

Household insurance is also in line for the EDI treatment, with the initial round of standards' definitions in train. In the life insurance sector electronic systems are still largely centred around videotext tech-

However, developments here were boosted by the formation in early 1991 of The Exchange, a company funded by 20 leading UK insurers aimed at promoting electronic trading of many products - life insurance, mortgages and related products, pensions and annu-

Systems allow a client to walk into a broker, see a quote, choose a policy, have a cover note printed off, and for the data to be sent to the insurer

EDI but as Mr Billinge points ities, investments and savings, health insurance. The out, "standards for data interchange does not imply standardised insurance products". Several electronic trading interested parties. Commercial lines of insur-"communities" are up and run-

ning. Systems companies such ance are less "off-the-shelf" as Policy Master, Quotel, Misys, and North Park provide software for brokers' personal computers. The total number of computer terminals running More than 20 leading insursuch software has been estimated at around 8,000. Neters and brokers set up a comworks such as those operated

These systems allow a client

to handle "mid-term adjust-

Exchange has made much progress in bringing together

than personal lines, and this is reflected in the gradual and coherent approach taken to the electronic trading of these clas-

mercial lines market initiative (CLMI) in 1990. Following much development work a company, CLMI Ltd, was launched in August 1992. Mr Peter Foreman, managing director of Sun Alliance International, announced at the launch that accounting would be the first EDI priority, then electronic mail, claims and eventually the presentation of risk packages, at least in the easily rated classes of business.

Mr Alan Waring, electronic done. network over which the informents" (for instance, when a marketing manager at Sun client changes car or address), Alliance International, says

that the two core objectives behind CLMI are increased efficiency and reduced costs. He adds: "It was decided that managers within the insurance business would dictate progress rather than be led by the computer systems houses." Early CLMI feasibility

studies looking at data and work flows were followed by more detailed work in four areas - business requirements, technical requirements, data standards, organisation

and funding. Mr Mike Anstee says CLMi has "come a long way quite quickly considering what we are trying to do". In April this year a CLMI report recommended progress in three

phases. Firstly, the formation of CLMI and the election of a board. Secondly, the introduction of facilities for premium accounting, claims administration, electronic mail, and the presentation of simple risk packages. These phases are now under way. The third phase, envisaged as being two or three years away, is intro-duction of EDI facilities for quotations, policy wording and

Mr Waring argues that the element of competitive difference between insurers must remain. The necessary setting of data standards required by EDI must not introduce inflexibility in products. The first phases of CLMI deal with practical solutions to backroom efficiency problems. For the next phase, "it is necessary to work out how far the industry wants to introduce networking

for trading". Commercial insurers deal with more underwriting criteria than those in personal lines. If products become totally price-driven it will be more difficult to provide value added service.

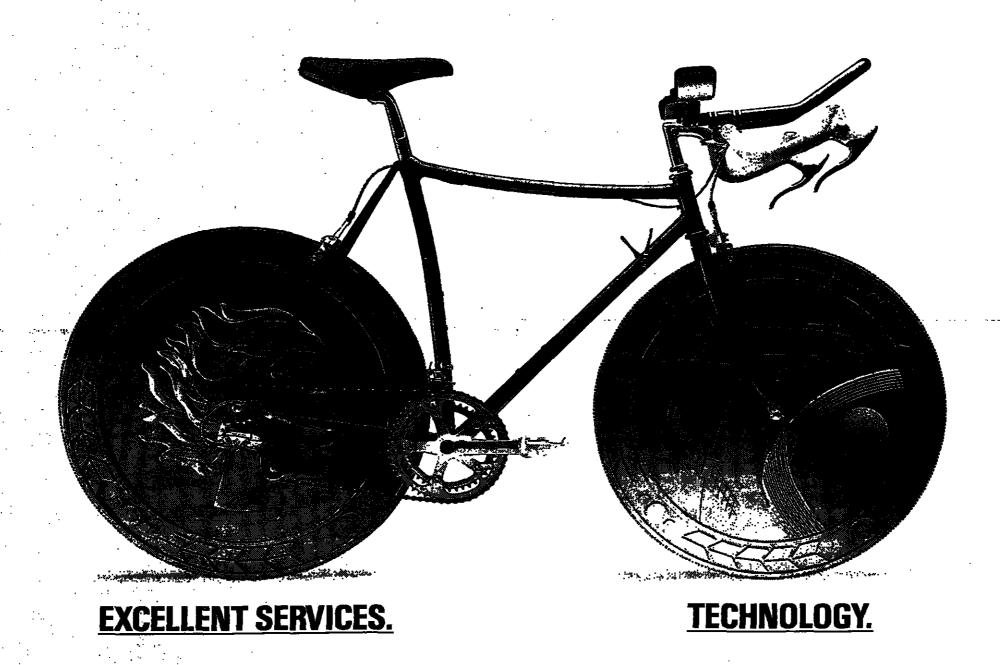
Mr Waring calls on the industry to address the question: how will a UK-wide network affect the shape and size of the commercial lines markét?

While EDI provides a tremendous amount of benefit in cost and efficiency terms, its use as a trading tool has to be assessed keeping in mind the potential to change the structure of the way business is

Simon Reynolds

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COMPUTERS IN FINANCE 6

Economic models need to be improved

Forecasting failure

ECONOMIC models have won few awards, and plenty of wooden spoons, in Britain over the past few years.

Vhen it comes to predicting how economies work, few economists are happy unless they have at their finger tips a computerised model - sets of software which link economic variables such as inflation and manufacturing output.

Unhappily, in recent years the models have left much to be desired, especially in Britain where most have had a dismal record in forecasting the longest recession for 50 years. But while one reaction is to ditch the models and rely on intuitive methods to project eco-nomic patterns, there is a strong interest in trying to improve on the models.

In the UK, about 10 big economic institutions run their own models of how the economy is supposed to work. These include the Treasury, the Bank of England and other non-government organisations such as the National Institute of Economic and Social Research and the London Business School.

Copies or variants of these models are used in a large number of smaller forecasting groups, either in the City of London or in academic establishments.

But economic models are essentially tools which must be supplemented by the skills and reasoning process of the economists in charge of them.

Models usually comprise several hundred mathematical equations linking a few dozen specific economic factors according to statistical correlations applied previously or to

economic theory. Using the links between all the equations in the model, an economist would hope to be able to infer how different combinations of economic events pushed demand or spending in specific directions, and thus trace the possible path of the economy as a whole.

Most economic models are based on the mathematical relationships between such variables as consumer spending and interest rates that have been shown to apply in the past. They operate reasonably smoothly in economic

conditions similar to those which have happened already. But Britain in the past few liar combination of circumstances. These have included the high costs of servicing the large debts run up by consum-1980s, entry into a fixed system of exchange rates, high Euro-pean interest rates sparked by

German unification and a slow-

ing world economy. That partly explains why hardly any UK economist was able to give reasonable advance warning of the seriousness of the recession, even though by early 1991 a small group of City and academic groups had woken up sufficiently to what was happening to be predicting a lengthy period of decline.

In this environment, many groups of economists are tak-

Economists are taking a hard look at their models

ing a hard look at the construction of their models and how they are used. Among the different initiatives are those to: Stop using models. Mr Peter Warburton, UK economist at investment bank Robert Fleming, says he realised three years ago that the monetary slowdown sparked by the high debts of late 1980s were making current models useless. Mr Warburton abandoned his economic model which he had worked on since the mid-1980s and relied instead on his own reasoning power and judgments. Perhaps because of this decision Mr Warburton has had more success than most in predicting the dire straits that the economy has fallen into. Plug holes in the existing models. Mr Leo Doyle, econometrician at Kleinwort Benson investment group used this approach in the late 1980s when reasoning that the Treasury model - a copy of which he was using - did not cover sufficiently areas such as the impact of debt on corporate balance sheets. He therefore introduced new equations into the model which Kleinwort

of debt by both consumers and businesses on levels of spending and demand. He also worked into the model the effect of falls in asset prices particularly houses on confidence patterns and consumption. As a result of these changes, Kleinwort Benson has been one of the leaders in the UK in predicting that the recession would be lengthy.

Simplify equations in the existing software. One approach has been to use vector auto-regressive (VAR) models, which use fewer variables than most conventional models. They rely less on economic theory more on relatively straightforward statistical projections based on past data. The UK branch of Goldman Sachs, the US investment bank, is using VAR models. It reckons they are showing

 Artificial intelligence. One relatively new idea is to match human intuition with the powers of computers. This boils down to extracting from top economists the kinds of rules and judgments they use when thinking about economic events and putting these in a form that a computer can understand. This computer is then linked to standard economic models to provide projections about economic events that are derived from the model's view of the economy mixed in with human skills. The Henley Centre and London Business School are among several research groups experimenting

with this approach. Add more intuition. The Ernst & Young Item Club, a forecasting group which uses the Treasury model, attempts to come up with a number of outside judgments derived from industry representatives when providing an opinion about the future. It starts with a description of the economy as mapped out by the model and adds opinions obtained from economists working in specific fields. Item's approach is a useful step towards formalising the interaction between the model and outside judgments which is a key part of

any forecasting procedure.

FLONFX HILARATION

Worries over breaches of security take centre stage

The dangers are growing

A UK bank, coping with short staff over the Christmas holidays, recently gave a supervisor one of the two passwords needed to transfer funds overseas. The other password was stuck to the side of the personal computer the supervisor used. Within minutes he had transferred £2.5m overseas. Within hours he was on a

This is the kind of incident computer security aims to prevent. Most breaches of security are far less glamorous. Power failure is the biggest single cause, according to a recent survey of IT security by the NCC. Poor software, not diligent hackers, is another big cause of problems.

plane, following it.

Malicious or not, risks to computer systems are increasing. More transactions formerly made on paper are now being handled electronically. At the same time the trend to make computer use univer-

sal is increasing the number of

people that can gain access and do damage to computers. The move towards distributed computing and away from centralised control on mainframe computers, adds to the hazards. "Every time someone tags on to a network legitimately they can theoretically hack on further," says Mr Andrew Mulholland, marketing director of BICC Information Systems and Services, a company which specialises in

networking. The danger is clear. How many breaches of security have taken place in the past is less so. Banks and other financial institutions are reluctant to admit to breaches of secu-

In its 1991 Survey of IT Security Failures and Breaches, the NCC estimates the cost of physical security breaches such as power failures, thefts of equipment and fires, to be as much as £100m annually for finance organisations. Breaches in logical security, such as faulty software or software viruses, total at least £35m, it says.

The financial community

uses various techniques to protect itself against such losses. The Bankers Automated Clearing Service (Bacs), for example, Peter Marsh is protected from unauthorised

COMPUTERS

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access on two levels, says Mr Cyril Bloch, managing director of Telesmart, a UK company providing software products to work with Bacs.

A password generator controls access to the network, automatically creating a new password each time a user enters their pin number. The password lasts only as long as the transaction.

This is combined with authentication. Users are issued a set of keys which sen erate an authenticator which appears at the beginning and end of each file, helping to protect the file from corruption when it is being transmitted. Files can also be encrypted so that even if someone does break into a file being transferred, the data will be in code. Another technique now gain-

ing currency is biometrics. A which identifies a person. It could be a fingerprint, a signature or even a retinal scan which has been analysed and given a unique identifier. "The difference between a biometric and a password is that a passric can't," says Mr Jim Copson, a product manager for IBM's hanking business.

Non repudiation has also become a feature of some systems. This allows the organsation to trace precisely via its computer system who was responsible for a particular transaction.

Security is like insurance: the more an organisation has

The more an organisation has to lose, the more it will spend

to lose from a breach of security, the more it will spend to counteract that risk. For this reason more financial organisations are looking for ways to assess their risk. Some have developed soft-

ware packages which look at the various aspects of risk. The larger clearing banks who are exposed to greater risks have evolved higher levels of security. Smaller organisations with older, less well

more exposed, says Mr Clark. The trend towards the use of local area networks and distributed computing systems which take power away from the centre pose new security problems. "We only want some of the people to have some of the information some of the

Most networks are designed to allow for maximum spread of information. To counter this, BICC advises its customers to think about information

time." says BiCC's Mr Mulhol-

Instead of sending all data all the way around a network, it should be limited to a particular group of workstations. This means creating workgroups and controlling the flow of information.

The security of the information itself is not the only issue," says Mr Colin Williams marketing director of Gandalf Digital Communications, a supplier of networking canioment. People are realising that there is real risk in security of opera tion as well."

Many companies are develop ing standby systems to take over when the primary system fails. It may mean using services from both British Telecoin and Mercury, so that if one is interrupted, the other

may not be. Advances in technology tend to multiply security risks and in the rush to use them, seenrity considerations are pushed to the rear. But some advances will also help to increase seenrity. The use of frame relay and cell relay technologies in

networks is one example. These make it more difficult to pull useful data off a network because small segments of data are routed over a net work and not reassembled until they reach the end point Similarly, as the cost of biometries continues to fall, they will be used more widely. As electronic data exchange becomes more common, techniques such as biometrics which are now limited to

Couson. But, says Mr Chris Hook. deputy principal consultant at the IT security division of the NCC, "you can have as many passwords and encryptions as you like. They're no good if you don't keep the keys safe".

banks will move into the com-

mercial sector, says IBM's Mr

Margaret Coffey

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IT helps building societies look after customers

Service still friendly

THE UK's building societies are proud of the friendly image they have managed to hang on to, in spite of embracing much of the selling culture of mod-ern retail banking.

Nor does this image seem to have been hampered by their enthusiastic adoption of technology. The building societies have the only nationally branded ATM network, Link, and their branches have long had counter-top terminals, whereas most banks have yet to install them.

A cynic might say what keeps the service friendly is time it still takes to update a passbook on the terminal, leaving plenty of time to chat with the teller. But the main benefit is that a customer can go into any branch of his or her building society and make a withdrawal or a status (balance) enquiry with a passbook. Unlike the banks, the societies have central customer databases, even if many are still account-based rather than customer oriented.

"The building societies are the most sophisticated users of branch systems," says Mr Nigel Croisdale, director of ICL Financial Services Division, whose Omnia Branch retail banking system is aimed largely at the building society

But the recession and the collapse in the housing market. bringing a drop in mortgage lending and a rise in bad debts, has forced the societies to reassess IT and business strategies. The era of diversification into new product lines has given way to one of renewed concentration on the core savings and

loans business. Technology can be used to improve customer service and hence to maintain or increase market share. And while the building societies' cost/income ratios are generally better than those of banks, they are now looking to reduce costs and increase productivity. IT can help achieve this, as long as IT expenditure itself does not get

Mr Paul Finch, associate

director with Computer Man agement Group (CMG), says the current climate has meant that the "naturally conservative" building societies are looking harder at IT spending. Some are "lean and mean" on the IT side, he says, but others have fat to be trimmed.

Unlike the banks, building societies have stuck to a "do-it-yourself" approach to IT. says Mr Finch. "They are reluctant to spend money on outside expertise or to delegate project management.'

IT strategy has to be driven by business strategy. Mr Kevin Southwood, marketing director at Northern Rock, says, "but some institutions fail in their IT strategy because they don't have a well-defined business strategy, or because they change it every six months, he says.

The business strategy at Northern Rock is to go for high growth, calling for speed and flexibility in product development. If I want to launch a new fixed rate mortgage I need branches tomorrow, not in a fortnight," says Mr Southwood.

This flexibility has been achieved through core systems re-engineering, he says, while cost effectiveness has been improved by basic office automation. People, says Mr Southwood, sometimes re-engineer systems unnecessarily because they confuse systems problems with office automation prob-

Northern Rock has systems people attached to each busi-ness department, such as mortgages or investments, and this, says Mr Southwood, "helps enormously in the understanding and management of systems." This reorganisation of staff took place three years ago and has, he says, "brought spectacular benefits in terms of getting things right first time
- it has dramatically changed

our project times". The Woolwich is another believer in in-house systems development, partly as a result of its bad experience in the 1980s when it had considerable

brought a drive to cut costs

trouble modifying an integrated accounting package from Hogan Systems.

Mr Ray Scotter, general man-

ager of information services at the Woolwich, admits that the economic downturn has brought a drive to cut costs, in IT as elsewhere. There is, he thinks, "some scope for reining in costs without significantly New development projects will be more closely questioned, as will costs and resources on the

operations side. But although the scope of development activity may be reduced. IT remains central to the Woolwich's business priority of improving customer services. "We have to focus on providing good quality IT sup-port for the staff in the branches," says Mr Scotter.

A big project for the next

12-18 months will be a radical overhaul of the Woolwich's branch systems. Being one of the first societies to have put online systems in all its branches, much of the equipment is due for replacement. The present mix of IBM dumb terminals supplemented by standalone PCs will be replaced by PCs running under

local area networks (LANs). Keeping up its levels of the investment is the Leeds Permanent which has undertaken some big IT projects in the past couple of years. It has installed a new branch system based on a network of Olivetti PCs at a cost of £25m, and a new mortgage system in the form of a £10m Unisys UFSS package.

Mr George Scarlett, head of computer systems and services at the Leeds, describes the developments at branch level as "a phase of empowerment"

providing more systems support and allowing staff to perform functions previously car-Conversely, the Leeds is also looking at taking out of the branch those administrative functions that do not affect customer service.

Projects in the pipeline at the Leeds include a prototype for a new front end system with a graphical user interface branches, which is due to be rolled out next year.

Business strategy may vary from one society to another, but Mr Croisdale at ICL thinks one thing links those who are successful in their IT strategies: "The most successful IT users are those where the top management takes a hands-on interest in the success of IT

Derek Austin

FINANCIAL TIMES MANAGEMENT REPORTS



by JAMES ESSINGER

A breach in computer security can be at best unpleasant and at worst disastrous. No organisation, regardless of size and status, can afford to be complacent about financial security and keeping the confidence of its clients. Written for non-specialists in jargon-free language, this FT report:

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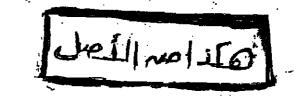
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COMPUTERS IN FINANCE 7

Roger Beliass, managing director of Tandem UK PROFILE: TANDEM

Fortunes shift with those of the industry

Tandem claims that OLTP

In its third phase, Tandem is moving into "continuous avail-ability", a stage beyond fault

tolerance, where the system is

never out of action. Compo-

nents will, of course, continue

to fail, but in such a way that

they can be removed and

repaired while processing con-

Mr Roger Bellass, managing director of Tandem UK, one of

the company's biggest markets outside the US, says that few

companies have so far tried to

design a continuously available system. "It is possible to

create a continuously available

system if you buy enough

equipment, but that is quite

different from designing a con-

tinuously available system

Tandem typically spends

intends to maintain its invest-

ponents: "We can never be

ability to offer liner expandability - where performance

increases in direct proportion

to system size. In the past few

years, moreover, Tandem has

industry trends to "open

It offers a family called "Integrity" which provides

fault-tolerance on the Unix operating system. Announced

early in 1990, it was a startling development for a company whose success had been closely

tied to the quality and reliabil-

ity of its proprietary operating system, but its acceptance in the market is further evidence

of the appeal of standard soft-

Mr Treybig says: "After several years of investment in

building a Unix-based product

division, our integrity systems division more than doubled

revenues in the fourth quarter compared with a year ago and contributed to profits."

It has also recently moved

into reduced instruction set (Risc) architectures which offer

high performance at low cost.

Its chosen partner in Risc tech-

nology is Mips, now a subsidiary of Silicon Graphics. Mr

Treybig seemed confident of

Mips despite the company's

recent indifferent performance.

Referring to a new micropro-

cessor from Digital Equipment which, on paper at least, is the world's fastest, he says: "I

don't think that the Alpha chip

is going to run away with the

market." At the top of the range is the Cyclone/R, which

Tandem says is the first Riscbased mainframe for high vol-

Mr Treybig believes Tan-

dem's survival and success

stems from its ability to pro-

vide scalable systems, fault tol-

erance and data integrity: "It is not just the work of a few peo-

ume OLTP.

Tandem, the Cupertino, Califbe worth over \$70bn by 1994. ornia-based maker of "fault-tolerant" computer systems, run on its fault-tolerant reflect the shift in attitudes systems is more cost-effective towards computerisation than OLTP run on its competiwithin the financial services tors' non-fault-tolerant (and industry which is its principal therefore less expensive)

Founded in 1974, it has grown steadily if unspectacularly to revenues of \$2bn for the year ended September 30, 1992. The company made a net loss of \$41.2m after restructuring charges of \$106m. The company, therefore, has not proven immune to the effects of the worldwide recession on its

leading markets. Mr James Treybig, Tandem founder and chief executive, made it clear that adverse market conditions would continue: We remain cautious about the future," he wrote, introducing the results. "Historical experience would indicate a slower first quarter and uncertainty in Europe and Japan contin-

The bald figures, however, ve little indication of Tandem's position and continuing 13-14 per cent of revenues on potential in the financial serresearch and development and vices world. In two decades it has become as clearly identiment: it is looking for econo fied with "mission critical" mies elsewhere in the organisation as the recession continues systems in banking and finance as International Busito bite. Mr Treybig points out, ness Machines and Digital Equipment are identified with for example, that the company has moved out of printed cir-"back office" accounting cuit board (PCB) manufacture, and sold off its PCB factory. It will now buy in its boards, fully populated with micromachinery. Its customers include big banks and stock exchanges. One of the bestknown examples of a Tandemchips and other electronic combased system is the London clearing banks "Chaps" same happy with our costs." Mr.
Treybig says.
A big feature of the company's product line has been its day payments system.

There have been three phases in the history of Tan-dem. Its earliest role was as a pioneer of fault-tolerant. systems. It was the first minicomputer manufacturer to understand that a market existed for systems which could be guaranteed never to fail. Customers for such systems included financial institutions, newspapers and

TROLLING

MINTER

CURITY

the armed forces. Tandem's approach was to duplicate all the essential hardware elements, controlling the allocation of resources through the "Guardian" operating system; Tandem computers, like any others, failed on occasion, but in a controlled manner without loss of data. It was an expensive approach, but for some applications there was no

alternative. In its next phase, beginning in the early 1980s, Tandem emphasised its expertise in on-line transaction processing (OLTP). It reasoned that faulttolerance was of such advaptage that within a few years, all computers would be faulttolerant. At the same time, a rash of competitors emerged in the fault-tolerant arena, of which the most tenacious has proved to be Stratus, based in

Marlboro, Massachusetts. The threat failed to material ise. Perhaps because of the increasing reliability of computer hardware, few other manufacturers made much of fault-tolerance and Tandem and Stratus - which supplies. its machines under a marketing agreement to IBM, Olivetti and ICL - remain market lead-

On-line transaction processing, however, is the key to productivity in applications from payment processing, airline reservations, telephone networks, operations management, time and attendance and customer information. According to the Gartner Group, OLTP is the fastest developing sector of the computer industry with an annual growth rate

even the usually recessionproof software industry has found it hard to maintain the heady growth of a decade ago.

The world recession has coincided with a sea change in the structure of the computer industry - with leaders such as IBM and DEC laying off staff and their customers looking for ways to reduce costs. The trend towards downsizing and open systems is fundamental to this change

The Swiss-based banking software supplier Winter Partners sees open systems as the best way to survive in tight market conditions. It started work on moving its main software packages to open systems in 1969 and expects to deliver the first results next year.

The development would have been achieved faster, had it not been for the company strategy of extending the scope of its packages, at the same time as broadening its potential market by taking the software to computer systems. "We have a two-pronged

approach: firstly, we are moving the products to Unix platforms for open systems; and secondly, we are introducing more functions to meet the needs of our customers," says Mr Keith Williams, general

AFTER a staggering period of expansion and prosperity in the mid-1980s, international financial institutions face a

tough time in the current world recession. Expansion plans have been postponed, especially those for information technology, and

> "This is essential in the current market conditions, which are the worst I have ever known. Although we are still selling systems, we are seeing volumes between 30 and 40 per cent off - which I believe is typical in the rest of the industry," Mr Williams says. With software installed in

manager of Winter Partners' UK-based IBS-90 division.

400 sites across 35 countries, Winter Partners has shown that it is possible, however, to ride the ups and downs of international finance by spreading its net wide. Founded in 1970, Winter

Partners is a privately-held Swiss software company, with a minority interest beld by Electrowatt AG. In its last financial year Winter Partners reported total gross revenues of SFr36m, (\$26.4m) earned from selling banking software packages and management consultancy. Revenues are split evenly between the two areas - although, in most cases, the consultancy effort is linked to Winter Partners own products.

Winter Partners sells three different software packages:

Bancos, a package for private banks, sold mainly in Switzerland and mainland

tion and the company was virtually unknown in the UK until April 1987 when it took over Arbat, a leading UK banking software company. The surprise takeover

PROFILE: WINTER PARTNERS

Open strategy for survival

pushed Winter Partners into the headlines and increased its international profile. After steady growth through the 1970s, Winter Partners started its expansion phase with the aim of becoming a world player in the banking software market in 1980. Since then, it has achieved a strong position in its European

more, this time into the US market. It now has offices in most big banking centres including the UK, Singapore. Hong Kong and the US. Its customers include 50 of the world's top 200 financial institutions with names such as Barclays Bank, Kleinwort Benson, the Bank of England

'home" market and in the Far

Rast. In 1990, it expanded once

and National Westminster Bank at the top of the list. Winter Partners has also taken up the challenge of the emerging market in the former eastern bloc countries of Europe and has sold its software to five banks in Hungary

and one in Poland. The takeover of Arbat in 1987

valuable prize - Arbat's Inter-national Banking System (IBS) software package, which runs on DEC's VAX minicomputer. The scalability of the DEC VAX has let Winter Partners to

sell its software into a wide range of financial institutions. In April 1990, Winter signed a co-operative marketing agreement with DEC to promote a re-vamped package under its current name IBS-90.

Over the past two years Winter Partners has invested an average of 30 per cent of its revenues in continued development of the package. More importantly, it recog-

nised the opportunity presented by emerging open systems hardware and embarked on a project to rewrite the IBS-90 software to exploit this. The UK development team is re-writing the IBS-90 modules in the "C" programming language, which is closely associated with open Unix systems. Once all the program code has been converted, it will be simple to tailor it to a specific Unix system.

The package consists of a large number of modules which can be used to build an "integrated" system for the international wholesale banking business. It covers front

and back office operations, in addition to providing management information statistics and analyses.

It includes modules to handle everything from treasury exposure management. through foreign exchange, to interest rate swaps and marketable securities.

There are also modules to handle commercial lending and credit control and business development analysis.

IBS-90 can link to the Swift network.

Winter Partners expects the first sales of the open version of IBS-90 to go its traditional market based on DEC minicomputers. DEC is committed to making its DEC VAX range compatible with emerging open systems and Winter Partners' long-established relationship with DEC will stand it in good

"But we will not be limited to just DEC as we are now," says Mr Williams. "Now the programs are nearly all con-verted to 'C', we can look for a broader market - depending on what choice our customers make.'

By the third quarter of next year, when the first open IBS-90 packages are scheduled to be installed, times might not be quite so hard. But, whatever happens, the growth of open systems as the basis for future applications software, will give Winter Partners an important new market to sell into.

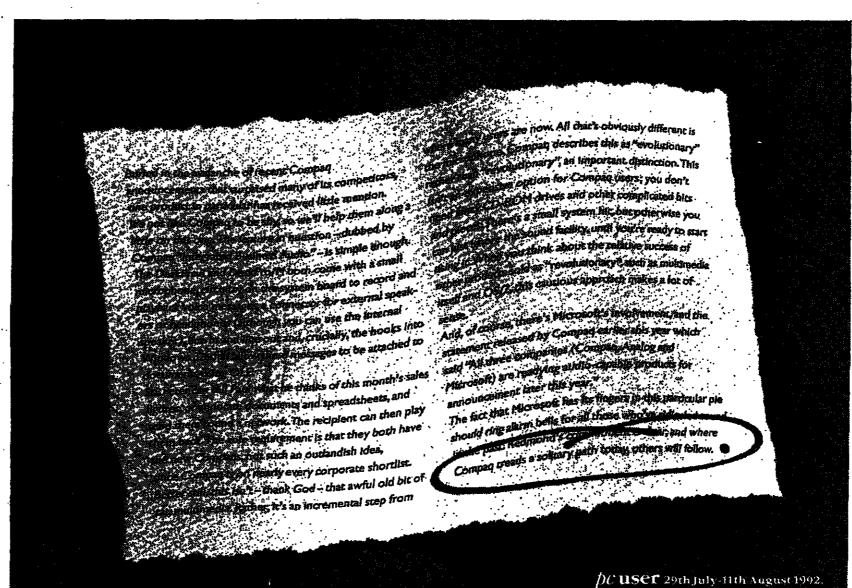
Philip Manchester



RIBS, a package for build-

The UK connection is the

ing specialised applications such as portfolio management, again sold mainly in Europe; IBS-90, the company's flag-ship package which covers all aspects of international banking and sold worldwide. Development work on IBS-90 is carried out in the IIK including the effort to move the software to Unix-based open hardware.



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Alan Cane

. ple. it is a whole culture," he

Starting from scratch

start-up bank funded by venture capital, intends get away from the traditional banking services which restrict clients to a set of pre-defined product offerings. Instead it wants to vices to meet its clients' indi-

vidual needs. In order to do so, it is installing a computer system imported from Canada. The system is novel in UK banking terms in two ways. It is suffi-ciently flexible to cope with individually tailored packages for clients. It also runs on a personal computer network.

According to operations director Mr Sandy Macdonald, the bank has tried to move the parameters of retail banking. Most banks today offer products: mortgages, higher interest accounts, 60-day notice accounts, and personal loans, are some examples. These products are the parameter for storing customer information

on the computer systems. But on the Bank of Edinburgh system, the data is structured so that the customer is considered as a single account. It stores customer information under their name. combined with a unique cus-

Every piece of business that the customer does with the bank is registered as a sub-set of that account: under the customer's name there might be three sub-sets, say, one for normal instant access, one for 90 days notice and another for a

The system can also consolidate a client's entire banking data on to a single statement. So instead of getting separate

showing both accounts.

"The system is geared towards the relationship between the bank and the customer," says Mr Macdonald. "No matter how many accounts a customer has, we treat them as a whole, and at any time we can see that customer's relationship with the bank," he says.

The system is also able to break down information. For example, a solicitor's partnership might wish some items to be broken down to help it man-age its own internal cost allo-

"As long as you can identify the date, time and nature of the transaction, you can begin start grouping things son why it has not been done before is because the descrip-tions have not been good enough," says Mr Macdonald. For example, bank state-

ments will usually show that a cheque was paid in, but not where it was from. "We believe the manner in which we will use the transaction codes will be more flexible," says Mr Mac-

Software for the system was developed by Canadian banking software specialist Proloworking with the Richmond Savings Bank in Vancouver.

It is based on Prologic's own fourth generation language (4GL) software, known as Probe. The 4GL language is generally considered to be more flexible and easier to work with than older computer

languages such as Cobol. The Richmond Savings Bank installation now has 350 PCs in 10 branch offices, all linked across telecommunications

accounts and processes 115,000 client transactions a day. It is claimed that a PC in a branch can retrieve information from the database in three seconds.

The software was adapted to handle UK banking regulations by the Bristol-based software house Apak. A deal was arranged between Apak and the Bank of Edinburgh, whereby Apak would refine the system to meet the bank's requirements, but Apak would keep the intellectual property rights. It hopes to sell the product in other parts of Europe.

The Bank of Edinburgh system, which is now installed, is much smaller than the Vancouver one. It has only seven 386 PC terminals, and two 486 PCs acting as file servers: one runs the network and the other stores the customer accounts database.

This is expected to be sufficient to handle early requirements for the bank. Its strategy is to expand by acquisition, and it is currently bidding for the Heart of England building society. Assuming the acquisition is successful, others could follow.

Any acquired building societ-

ies will be able to continue using their own systems, but will also be able to gain flexibility by linking up to the bank's system if they wish to. As it is built on industry-standard software and hardware, this should not be difficult.

The Bank of Edinburgh's system achieves a goal that many other retail banks worldwide are aiming for. According to Mr Paul Stockton, a banking specialist with Hoskyns Consulting, the banks today are looking to improve customer

One issue that many are looking at is market segmenta-tion. The large banks need large numbers of customers and the only way they feel they can service that mass market is with standardised products.

Personalised service of the type by the Bank of Edinburgh is a way to attract the higher value personal and business customers, says Mr Stockton 'People now expect more from banking and all the banks are looking at market segments and niches" he says.

Many, such as the large UK high street banks, are con-strained by older, monolithic mainframe systems, developed many years ago for a different type of banking market. All are making huge investments in new customer-oriented databases. But the huge investments required mean the process has taken a long time.

Start-up operations such as the Bank of Edinburgh, have the luxury of being able to design systems from scratch. Another example is the Mid-land Bank's telephone banking subsidiary, First Direct. At First Direct, bank staff sit at computer terminals with all the information about a customer at their fingertips.

Mr Macdonald stresses that the Bank of Edinburgh is not aiming to imitate First Direct. It does not have access to the wider range of banking services, such as cash point machines, that First Direct can obtain from Midland; therefore, it is clearly positioning itself at the high value market segment, which its own technol ogy can adequately serve.

Monica Horten



LAPTOP SOLUTION: Birmingham Midshires Building Society is using MCR Safari pote advisers. The £260,000 contract was won in competition with 14 other portable computer suppliers. The order follows a decision by Birmingham Midshires last September to join forces with Sun Life property services division: the laptops provide information on building society and Sun Life products, and produce on-the-spot quotations and graphic illustrations for clients. The laptops are linked with Kodek Diconix 701 portable printers.

Integrated banking system at branch level

NATIONAL WESTMINSTER Bank is spending £20m in the current year to get a comprehensive dedicated computer unications system up and running. Olivetti is installing more than 1,000 network controllers at NatWest - these controllers offer a high degree of communication in retail banking applications.

the bank to 'marry' its existing network

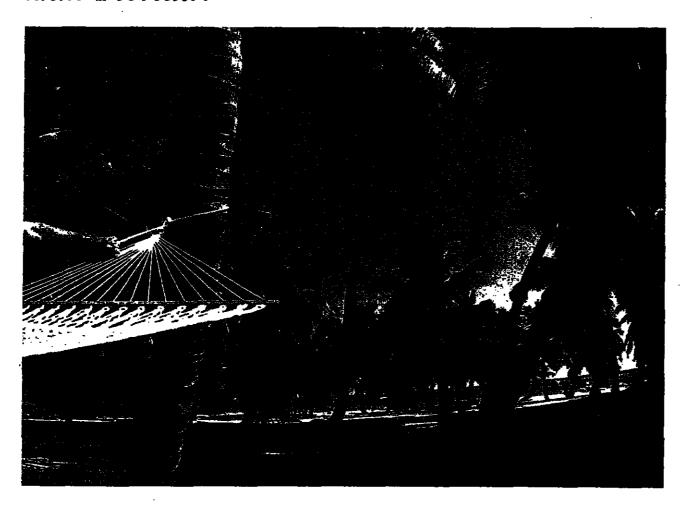
The controllers summon personal account data via the bank's network. To develop its nationwide branch server network, the bank is using systems from Symicron Computer Communications of Eltham. Mr John Tilbrook, Symicron's chairman, says: "It was imperative for

to the application needs at branch level.

This demanded full flexibility of communications options."

The installed NatWest solution involves a combination of Symicron's products for open systems interconnection (OSI). System Network Architecture (SNA) and Unix TCP/IP communications. More details on the Symicron system are available on 081-857-5577.

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ascom thinks ahead.

New ideas improve

THE US

an old system COMPUTER technology has

long been at the forefront of change in the operation of the US banking industry.

From the introduction of the cessing technology has the potential to give the entire (ATMs) in the 1970s through to the widespread introduction of the "debit card" over the past decade, computer systems have

been instrumental to maintaining the breathtaking pace of change in what is - by its very nature – a somewhat conservative industry. In spite of all this change,

however, most US banking customers still prefer to do some things the old way. One might he forgiven for thinking, for example, that the growth of interest in EDI (Electronic Data Interchange) and consumer debit cards would have started to make the hanking industry a great deal more pap-

But that would be to ignore -the familiarity and friendliness of the cheque. According to the financial services division of computer giant IBM, around 50bn personal and business cheques are processed by the US banking system every year and there is no sign of a significant decline in the use of

For this reason, the banks are taking another look at the way they handle cheques. The cheques are often proofed manually and then added up, using elderly 10-key adding machines before being finally entered into the bank's main computer

IBM, for example, has developed what it calls a "proof of deposit" system based on image processing and optical character recognition technol-

It operates by first scanning all the cheques into an imageprocessing system and storing an electronic image of each cheque and then using optical character recognition (OCR) software to read the details of the transaction represented by the cheque. IBM claims that its Image-

Plus High-Performance (HPTS) Proof-of-Deposit (POD) system is able to read and record more than half of the handwritten and machine-printed dollar amounts that appear on imagecaptured cheque faces. It is also supposed to balance

deposits automatically and identify illegible amounts and route them to a keyboard operator who can look at the onscreen image of the paperwork concerned and correct it accordingly. The IBM system has been

undergoing extensive trials at hig North American banks in recent months and the company expects to start shipping it in December.

Among the institutions involved in these trials were

Bank, Mellon Bank and the Bank of America.

Canada's item processing ser-

industry a higher quality level for its customers," says Mr Gil Arbuckle, a senior vice-president and cheque services manager at Melion Bank Corporation in Pittsburgh. According to Mr Bill Gee, manager of the Royal Bank of

vices in systems and technology, this kind of technology is vital to his organisation's long-term strategy. "Proof of deposit is our focus today," he says. "[These systems] allow us to invest in a platform on which we can build new image appli-

cations and offer new customer services in the years ahead." Cost savings and productivity improvements can come from all parts of the chequehandling process. Most North American banks, for example, send customers back the originals of their processed cheques

through the banking system. These used cheques are generally sent out with bank state ments - and must be physi-cally sorted and enclosed with the bank statements in envelopes with which they are sent

once they have been deposited

Using image-processing, an electronic image of the cheques can be stored with the bank statement information and printed out along with the bank statement when it is prepared. Image processing also offers

the US banking industry other gains - belping them to handle all manner of paperwork without paper. It could be used to handle mortgage loan processing, credit card billing inquiries, commercial lending, mutual funds management. ment and letters trust manag

The beauty of this technology is that it offers banks a "halfway house" between entirely automated, paperless operation which many cuscomfortable with and the inofficient, over-staffed, paper-

laden systems of old. When using image processing systems, paper still plays a vital role in getting information about financial transactions to the banks. But once a paper document arrives at the bank, it immediately becomes a computer image that can be passed around the corner or around the world electronically

in an instant This not only means that the banks have greater flexibility in how they handle documents, it also means that the work represented by those documents need not necessarily be handled at the place where the documents are physically

If one branch or department is over-burdened with financial documents to process, another can help out by having the electronic image of those documents sent over a wide area network or leased line. The work can then be completed by the other department and sent back to the place it came from.

Finally, image processing could make life a lot easier for bank customers. If, for example, a bank held a sample signature, a colour photograph or even a spoken voice sample as part of its worldwide database. any customer from any of that bank's branches worldwide could prove who they were cusily and carry out more complex transactions than would normally be allowed from a foreign branch office.

Such a system also improves security for the bank - as it is much harder to forge a face, voice and signature than it is to forge the signature by itself.

Geof Wheelwright

FINANCIAL TIMES

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ENVIRONMENTAL MANAGEMENT

SECTION IV

. Tuesday November 10 1992

Growing acceptance of the need for environmental policies has lowered the tensions between "green" campaigners and industry. Public attention now focuses more on compliance with new regulations. Bronwen Maddox reports

A torrent of legislation

chase. In the past two decades, in response to growing public interest in "green" issues, the US and the European Community have passed at an unprecedented rate a raft of new reguclean up the environment.

The broad acceptance of the need for environmental policy by governments and businesses has taken some of the heat out of the traditional confrontations between "green" pressure groups and industry, and public attention is now focusing more on compliance with the new rules. For their part, businesses are increas-ingly investigating whether environmental improvements opportunity as well as a cost.

The scope of environmental regulation now in place or shortly to be passed, ranging from local to international, is now considerable and is the main factor causing companies to pay more attention to the ment, according to con-

sultants' surveys The number of international agreements has risen sharply-between 1948 and 1970, govern-ments signed only nine inter-national treaties, mainly on oil pollution, but since 1970 there have been 32 international treaties and 13 European Con-

mprove

stem

PRESSURE on industry to tants Booz Allen & Hamilton. The definitions of who is liable for the costs of cleaning up are also widening. Under the "polluter pays" principle accepted internationally at the Rio Earth Summit in June, many environmental costs are now being passed back to com-panies. The EC is currently discussing new rules on civil lia-bility for waste which could be as wideranging as some US legislation, imposing strict liability – regardless of fault or negligence – and joint and several liability meaning that the "deepest pockets" could

shoulder most of the costs. Like the UK's proposed contaminated land register these rules could act retrospectively, saddling companies with costs for environmental damage committed many years in the past, even if the present owners or management were not

There is a growing emphasis on improving levels of compliance with regulation - the European Commission has acknowledged that its fallure to enforce its 200-odd directives equally across member countries could hinder the operation of the single market, and EC countries last week agreed to set up a European network

Penalties for infringement are also becoming harsher. The UK's 1990 Environmental Protection Act holds the producer



consumed, the effluents poured down pipes or on to the ground, emissions through the result in criminal charges chimneys and the final disposal of waste. That is before considering whether the product itself is "green" enough or whether customers will

and the competitive changes it is provoking in many indusdemand changes. To encourage companies to look at environmental managetries, means that more companies are beginning to make environmental management part of their overall manage ment strategy. To avoid penal-ties — and the accompanying risk of damaging publicity — and to avoid being left behind. by competitors, companies may need to scrutinise their production from cradle to grave": the source of raw materials, the impact of the factory on its surroundings, the

its safe handling and disposal, and breach of the rules can

against the senior manage-

The scope of this regulation,

amount and type of energy

ment systematically, the EC is discussing plans for ecoaudit-ing - full, published, standar-dised figures on a company's impact on the environment and the UK has begun trials of the new BS7750 standard of environmental management. However, while many compa

nies' intentions are good, in practice environmental management can be patchy. KPMG Management Consulting, an

arm of the international accountancy firm, which recently conducted a survey of environmental management in the top 100 companies in the UK, US and Canada, concluded that "most comments [in annual reports] were token efforts demonstrating that the company was aware of the environment as an issue and

future actions".

It added that "in all three countries very few companies to conduct an independent environmental audit".

[gave] some broad promises of

Unsurprisingly, formal envi-ronmental policies are most common in industries such as national utilities, oil and gas and chemicals which have been environmentally regu-

lated for longest, while tourism and motor companies are only just beginning to publish plans, and financial services companies rarely mention the issues, according to a June 1991 survey by Touche Ross, the accountancy and consultancy firm.

For some companies, environmental management can bring commercial opportunities, as well as safety from pen-alties.The Confederation of British Industry, in its response to the Rio Earth Summit in June, has been adamant that there are "real benefits to the business of sound environ-

mental performance".

Investment in "green technology" ahead of competitors tage, as seen in the race

between US oil companies to reformulate petrol and dieselto meet the US Clean Air Act deadlines of 1994-98, and the research spending of motor

> engines to reduce emissions. Other companies find that the best way of reducing the level of waste, emissions and discharges is to use raw materials and energy more efficiently in production, leading

companies on catalytic con-

verters and "leau-burn"

A booming waste manage-ment industry has also grown up to take advantage of the rising costs of getting rid of waste, as it becomes harder to get regulatory permission for emissions or discharges from

ELANDFILL: why UK operators may soon be in the dumps. The art of eco-auditing. Where companies can obtain specialist

INSURANCE: UK insurers are reappraising the dangers of claims for pollution. The EC's dilemma over its 50m tonnes of domestic waste Page 3

■ CHEMICALS: if the industry fails to respond to environmental pressure, it risks being legislated to extinction. Recycling in action - collecting foil shows how to be green and profitable Page 4

But although some of the army of consultants and advisers appear to regard it as axi-omatic that investment in environmental management leads to a competitive advantage, that is not true in all cases. In the UK water industry, EC directives have resulted in at least £15bn of the decade-long capital spending programme of some £45bn, but as the companies are regional companies it is hard to argue they have

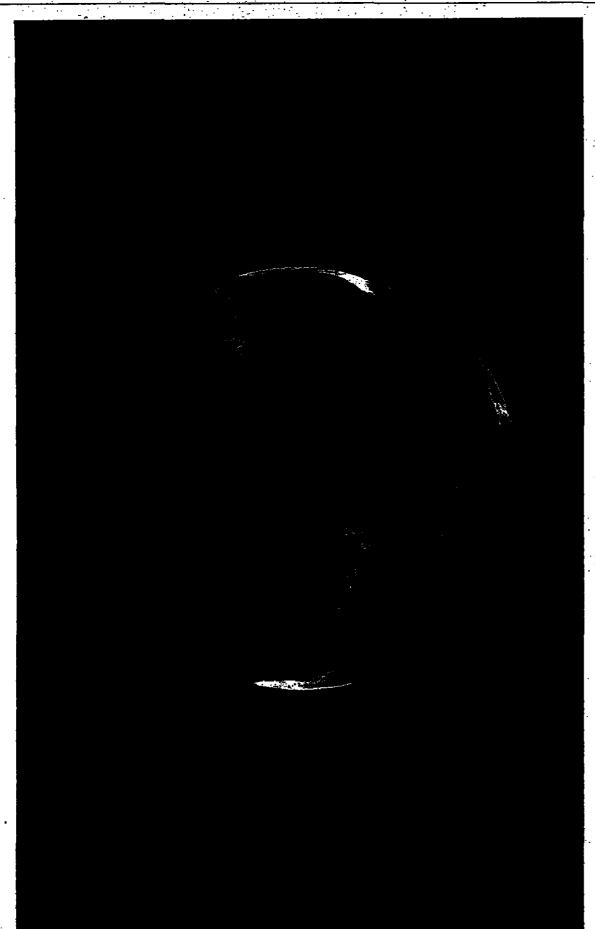
The CBI has also suggested that some environmental legislation has been "unrealistic" and a handicap to businesses,

not an opportunity.

Mr Paul Beatley, a Parisbased consultant with Booz Allen & Hamilton, says that it is right at least to ask whether environmental programmes really benefit companies in the long run, despite the costs, although adding that in his

experience they do. However, the question of the benefits of environmental spending is one that is asked increasingly frequently - as the full costs of cleaning up the environment have started to become clear.

The European Commission directives - excluding the considerable costs of the nuclear power industry and water supply - costs member countries between 1 per cent and 2 per Contd on Page 2, column 1



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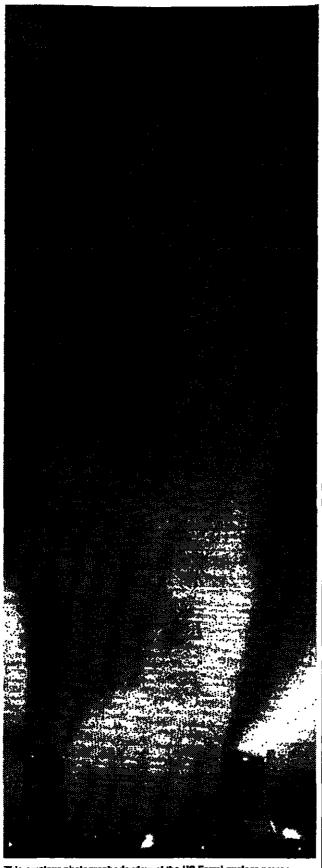
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Yes, you can.

ENVIRONMENTAL MANAGEMENT 2



This amateur photographer's view of the US Fermi nuclear power station won a bronze medal in a UN-sponsored competition in May

Energy supply, GDP and emissions Total GDP (1985 dollars) 1970 72 74 78 78 80 82 84 86 88 90

Carbon taxes aired for global warming

☐ Continued from Page 1 cent of GDP a year. In its June 1991 study Touche Ross said that on the basis of 150 environmental audits. European companies were spending around 4 per cent of turnover on environmental measures. This appeared to be nearly double US figures, although it

There are signs that growing awareness of the costs is slowing the pace of new legislation - the US currently has a moratorium on new environmental legislation, and EC countries are stressing the need for more realism about the economic impact of proposals.

emphasised that comparison is

Governments are also favouring "financial instruments" such as taxes or permits for industrial emissions instead of more regulation for dealing with environmental problems. At the Rio Earth Summit in June, the main solution proposed to the threat of global warming from the emission of "greenhouse gases" such as carbon dioxide was

energy or carbon taxes, possibly combined with taxes on

The costs of a carbon tax would undeniably be great, even if it was made fiscally neutral by lowering other taxes - the European Commis-sion estimates that it could cut 0.07 per cent off EC real GDP growth in the first 13 years after introduction. But the advantages of financial instru-ments – both for governments and for businesses - are that the costs are more readily foreseen and their investment can be better planned.

The new mood of realism about the costs and limitations of environmental regulation may well benefit the environment, as standards of industrial compliance rise. It may also help environmental management progress further from present standards, as busisses become better able to judge the impact of environ-mental regulation on their markets and to spot opportunities and shape their strategies

industry will pass a watershed next March when disposal operators must decide whether to continue running their landfili sites.

THE UK waste management

Those who prefer to surrender their licences will be able to avoid liability for any environmental problems that subsequently surface; those who don't, will be held responsible for a site until the end of its life or until it is sold.

The new rules, which flow from the 1990 Environmental Protection Act, should weed out the cowboy operators. Not only will this begin to clean up the image of an industry that has long been tarnished by disreputable operators - in theory, it should also reduce capacity, giving a shot in the arm to a sector that has fallen dramatically in investors'

For quoted companies this respite from the effects of recession comes not a moment too soon.

Having gone into the economic downturn with observers saying they would be reces-sion proof (since there would always be a need to dispose of rubbish) many waste companies have reached this point in the cycle suffering from a severe mauling.

Not only has the recession reduced the amount of industrial and household refuse, but many companies have chosen to store rather than dispose of the more expensive low volume, high value wastes, in order to conserve cash. And, perhaps as a result, the down-turn in volumes has exposed over-ambitious and weak managements which moved too quickly in the late 1980s to acquire assets.
In particular, the waste sec-

tor underestimated the depths to which the construction industry could sink in the UK, depriving companies of their bread and butter business. The malaise in the sector

AMIDST much kicking and shoving.

environmental consultants are jos-

tling for the fast-growing but increas

As insults are traded about the ability of individuals and companies

to carry out the best job, the industry

ing under increasing public, political

and legislative pressure to pay serious attention to environmental audit-

Environmental audits have becom

hig business. The latest edition of the

directory of environmental consul-

tants published tomorrow by Envi-

ronmental Data Services (Ends),

ised in London, says the to<u>tal</u> mar-

That was generated by 339 main-

stream firms, representing 9,000 pro-

fessional staff working on 19,000 sep-

arate contracts. More than 1,200 of

these contracts - or 6.4 per cent -

covered environmental auditing

It is difficult to draw comparisons with the past because much of the data is being collected for the first

time. But the growth has been rapid.

There were only 125 environmental

THE managing director in

search of an environmental

policy deserves some sympathy. Changing legislation, pres-sure from customers and from

public opinion, and the compa-

ny's own plans to expand – all

these can suddenly put envi-

ingly competitive green market.

of service being delivered.

ing, with mixed results.

about £400m this year.

UK landfillers face a tougher regime, writes Richard Gourlay

Down in the dumps

was typified by the profits warning from Leigh Interests in September. The shares which had been standing at 226p, have since fallen to 140p in spite of a claim by the chair-man that second half profits would be substantially ahead of the first half.

Likewise Caird Group, one of the more acquisitive groups in the late 1980s, suffered from a sharp increase in interest in its first half and has found trading conditions tougher since the

What is more, there has been an almost complete freeze in corporate activity in the UK. Tarmac, for example, has had no joy finding a buyer for its Econowaste subsidiary at £85m-£90m. It has already passed a target date when it Grounds for optimism include: wanted to have sold the subsidiary and may have to accept a much lower price.

The industry is anxiously awaiting the sale as a signal about latest valuations of landfill. The one exception is Waste Management International, the UK quoted arm of Waste Management of the US, which has been quietly buying companies in Europe, particularly in

Like many City fads, however, the hype surrounding waste management companies was overdone when the sector was in favour.

By the same token, the gloom now hanging over the sector may appear more impenetrable than it really is.

• the environmental legislation: over the next five years laws in Europe will inexorably tighten. They are already tight-ening in the UK as a result of the 1990 EPA; France has enacted a new comprehensive waste law which is likely to lead to the closure of 6,500 landfills; Italy is likely to put its first comprehensive waste law before parliament next year and will receive valuable support with the return to Rome of Mr Carlo Ripa di Meana, the former environment commissioner; Ger-

• the new legislation from the Environmental Protection Agency is starting to bite, even

many's rules are already in

play into the hands of reputable operators. Companies producing waste are now responsible for ensuring that a licensed carrier handles his waste and that it ends up in a licensed landfill site.

passing into private hands.

• the duty of care for waste

which has already started to

some of the enthusiasm for waste companies sprang from the expectation of higher landfill prices. Undoubtedly they will rise - the cost of disposal in the UK is a sixth of the cost in Germany. The question is when. Some observers say the UK disposal is cheaper than in continental Europe because we still allow co-disposal of liquids and solid waste, the so-called practice of dilute and disperse. A more accurate assessment would, however, suggest the UK is cheaper because it still has a large amount of beensed

There are, however, some equally strong reasons for short-term pessimism about the future of the waste sector: some fund managers would not touch waste companies. even the most reputable. because of a fear of environ-

mental liability: the cost of making new landfill is rising sharply. The application process is becoming longer and since lastApril new sites have had to ensure that proper precautions are taken to control liquid leaching and gas emission. This inevitably puts new operators

- or operators of new sites at a disadvantage compared with operators of older sites who do not need to recover the same investment costs. Some observers of the waste industry believe it could be five years before operators of old and new sites are competing on a level playing field.

While the waste sector seems to be bound to resume growth. investors will need a long term

Environmental audits are big business, says Andrew Jack

Accountants cash in

is still trying to make clear its definiconsultants in the first edition of the directory in 1989, and 225 in the 1990 tions and lay down standards in response to concerns over the quality version. Most firms are expecting

business to escalate rapidly. That growth, particularly at a time of recession, is encouraging many new entrants. Ends estimates that more than 1,000 firms claim to be environmental consultants of sorts. Alongside the traditional players such as Arthur D Little, a host of boutiques have sprung up. At least three of the leading accountancy firms - KPMG Peat Marwick Touche Ross, Coopers & Lybrand - have established special units.

ket for consultancy in the UK was That has led to some barbed comments between the competition: What is the quality of the smaller firms? Do the accountants have the appropriate skills? Are the non-accountants too focused on technical rather than managerial and rigorous sam-

pling aspects of the audit? There is still also ambivalence about future growth in the consulting industry. Demand for services is not without its difficulties. While contracts may prove lucrative in the short-term, auditors may in the future run the risk of being sued if they fail to unearth or highlight the significance of potential environmental liabilities such as site clean-up costs forced on their clients at great

Yet this competition has to be put in perspective. Most companies still do not have environmental audits. Companies who audit tend to do it irregularly, on only parts of their perations, and entrust the job to in-house staff. When audits do take place, very few of the findings make it into the public domain where they

could be more objectively scratinised. There are exceptions. The chemical industry and some of the other sectors often regarded as more environmentally harmful have long conducted audits of sorts, not only to ensure compliance with regulations but for solid commercial reasons: recycling saves vast amounts of

More recently, public pressure,

good practice guidelines and existing and prospective legislation has begun to have a more wide-ranging impact. The 100 Group of leading finance directors produced one set of guidelines earlier this year.

though the IIK RPA's birth

was delayed. It has aiready

increased the cost of disposal

particularly of the most toxic

industrial wastes, and is reduc-

ing competition. Again, while

some confusion exists over the

requirements of European

Community regulations and

those arising from national and even local government reg-ulators, the trend is clearly in

the direction of favouring the

supplier of high class services.

the UK government's urgent wish for control of waste to pass into the hands of

the private sector. While many

local authorities may be better

placed than outsiders to tender

for business, there is neverthe-

less a strong move towards

BS7750, the British standard on environmental management systems, is perhaps the document most widely quoted by companies. Among its recommendations is that businesses should produce a publicly available environmental policy, specify targets and conduct regular internal en mental audits.

Many point with some concern to the EC's eco-audit requirements, which most companies still regard suspiciously even after intensive lobbying to dilute their power. When initially proposed in 1990, the eco-an-dit was to be a mandatory scrutiny of environmental facets of all activities in many industries, which would culminate in publication of the results. Over time, it has been diluted so that compliance is entirely voluntary,

and need not cover all a company's

site. There is still the requirement for external verification of audits, and the corporate fear that the proposals will ultimately become mandatory.

In the meantime, the level of disclo-

sure and reliability of environmental reports remains disappointing. A survey in September by Company Reporting, an Edinburgh-based organisation that monitors the annual accounts of UK companies, concluded that most green information provided is disappointingly thin. From a sample of 570 companies, only one third disclosed any environ-

mental information. There are some notable exceptions. Body Shop has probably gone further than most British companies, with a detailed audit. The company has also publicly called for the eco-audit Even so, its verification report conducted by Arthur D Little is limited

in scope. Most other companies are far less advanced. RTZ is one company which proudly highlights its environmental achieve-ments with a published statement on green policies. But it sees little prospect of making public the results of internal audits in the short-term. It also questions the ability of external auditors to do better than its own staff, or to be told how often audits

should be conducted.

Advisers must be chosen with care, says **Bronwen Maddox**

A multi-disciplinary field

pressures vary enormously between industries.

ronmental management high in the board's priorities. Once environmental ques-However, it is possible to tions have caught the board's give a few tips on the main questions to ask when setting attention, the problems can seem worrying and urgent. Breaches of pollution regulaup an environmental strategy, whether with outside help or

has already spawned a horde of

consultants, accountants, law-yers and bankers. UK industry directories alone list more than

2,000 consultants. Many advis-

ers say they have identified

fast expansion in the 1990s,

perhaps compensating them

for the shrunken financial and

tion can bring high penalties, First, how to pick an adviser. Many companies will lack sometimes the threat of criminal proceedings against directors, and perhaps worst of all, in-house expertise on regulation or "green" technology, or energy efficiency measures, hard-to-tackle hostility from public and pressure groups. Or long-planned acquisitions can but reaching for outside advice be suddenly jeopardised by uncertainty about the liabiliis now straightforward. Although environmental management is a new disci-pline, particularly in Europe, it

ties they might bring. However, recognising a need for environmental planning is not the same as knowing how to go about it. The European eco-auditing proposals and the British standard BS7750 of environmental management offer some guidance to adopting a management system, but environmental management and risk assessment as areas of generalisation is hard as regulation, the risk of environmental disaster and competitive

conveyancing markets.

According to Mr Allan Rickmann, head of the environmen tal arm of Willis Corroon, the insurance broker, it is essential because of the subject's newness to find out the relevant experience of the company and the directors.

Relevant experience is important - many are just beginning to build up client lists and the learning curve can be frustrating. Their exper-tise may well have been drawn from one of several categories: • Skill in helping win local planning permission for new sites or production processes, which often depends on detailed plans for leaving surrounding areas -down to the last species of grass -in good

• Scientific research, sometimes in government departments, which may have equipped them with highly spe · • Management consultancy. It cialised technical skills that · is important to identify

may translate poorly to the wider industrial arena. • Legal expertise. Many law firms have moved quickly to offer advice on the possible liability that could come with changes in legislation, such as the EC packaging directives, the UK's proposed register of contaminated land, legal requirements for Environmen-

tal Impact Assessments, or EC proposals on civil liability for Engineering. Information about their previous clients in similar industries, particularly abroad, is important, as tech-niques change fast, both to comply with rules and to seize commercial opportunities from them. Companies in the US, with around a decade longer exposure to wide-ranging environmental legislation, may have already pinpointed the

best techniques.

technical skills to solve specific problems, or whether they are more equipped to conduct an overall survey of production.

A large part of environmen-tal management is about assessing risks and minimising them, such as the risk of a tank rupturing, inadequate backup or warning systems that could lead to leakages or uncontrolled emissions. Even if managers think they are complying fully with rules, they need to be alert to outside sentiment - public criticism of a competitor and heightened public scrutiny of the industry, or simply whether a government minister lives nearby.

Many advisers, particularly management consultants, urge a more wide-ranging approach to environmental management than simple compliance with regulation, however. Their mantras have become "thinking proactively" and "commu-

nicating the environmental strategy through all levels of the company".
The arguments are similar to

the now-familiar ones on the importance of high quality at every stage of production and distribution. Many of the benefits that companies and consultants say have been achieved from environmental management systems derive from improvements in efficiency and production of less waste, or from improvements to the product.

But it is important to calculate the benefits as well as the cost to the company of investment in environmental techniques. Another principle much favoured by consultants is that "it is cheaper to rethink production overall and reduce the level of emissions rather than to add end-of-pipe filters or scrubbers to clean up" are useful starting points for inquiry but that comparison will be different for every com-

If there is one consolation for the troubled managing director it is that environmental management is likely to become easier even if the penalties for getting it wrong increase.

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THE ENVIRONMENTAL CONSULTANCY

ENVIRONMENTAL MANAGEMENT 3

BRITISH INSURERS are reappraising the potential dangers of claims for environmental pollution in the light of shifts in the legal situation at home and the experience of the US industry, where large chunks of the insurance industry could be brought to the brink of insolvency by multibillion dollar claims.

But the change may be too little and too late according to critics who suggest pollution claims could be catastrophic for the UK industry.

The exposure of UK insurers to pollution is principally through public liability policies, which cover the policyholder against any damage a third party might suffer because of pollution which results from his actions. Historically insurers have faced very few pollution claims. Philip Bell, liability insurance manager with Sun Alliance, which sells 15 to 20 per cent of public liability policies, says his company receives fewer

"a couple of million pound claims in the pipeline" most claims are very much smaller. "The sort of thing that normally happens is that a chimney will beich out dust which will damage cars in an adjacent car park," says Mr Bell. However, the establishment

pollution control and remediation in the UK is a cause for concern. In the past two years a raft of new legislation has

Public liability policles cover holders against damage caused by their actions to third parties

radically redefined the liabilities faced by operators and owners of polluted sites.
The 1990 Environmental Protection Act and 1991 Water Resources Act establish a legal framework in which the occucost of clean up irrespective of

Although Sun Alliance has

of a more rigorous regime of

Tighter rules give insurers a headache, writes Richard Lapper

Unexploded bombs

fault. Under this legislation nated on the register is likely ble for claims made on policies bankers foreclosing on a loan to a property company could become liable for the cost of cleaning up contamination.

In a recent case Leeds City Council ordered more than 600 householders to pay the £5m hill needed to clean up asbestos contamination from their houses, even though this had been caused by an asbestos factory which closed in 1958. Moves by the European Community are expected to reinforce this trend towards strict

UK government plans to make more information about pollution available to the public through the register of con-taminated land could also trigger court actions. The value of land identified as contamito fall. Mr Brian Street, a specialist with ECS Underwriting in London, says the new law will "greatly increase the power of pressure groups to bring civil proceedings. It will cause all hell to let loose." In the face of these threats

British insurers moved to restrict coverage last April. After advice from the Association of British Insurers, most companies changed the word-ings of public liability policies to exclude coverage for gradual pollution. The new policies restrict coverage to "a sudden, identifiable, unintended and unexpected incident which takes place in its entirety at a specific time and place during

written in the past. Most policies were written on what insurers call an "occurrence" wording in which the relevant policy for a claim is the one which covers the year when the event occurred. US courts holders can claim on all their insurance policies stretching back to the original point at which pollution is deemed to have begun. Much of the multibillion bill for US pollution clean-up, therefore, could ulti-

1940s, 1950s and 1960s. Mr Randolph Fields, a lawyer who has developed a thriving business in researching insurance coverages, is confident he can locate the cover-

mately fall on insurance com-

panies who sold policies in the

age. Recalling that the UK industry underwrote unrestricted pollution liability coverage in "carte blanche" fashion between 1930 and 1990, he warned of liabilities of "catastrophic proportions.

imise the problem. In a memo to its members sent on October 13, the liability and accident committee of the Association of British Insurers, the industry's trade association described Mr Fields' arguments as "somewhat alarmist" The ABI said it could "prove

British insurers tend to min-

difficult" for the policyholder to provide proof that insurance was in force at the particular time the incident was alleged to have taken place.

holders might have kept docu-

mentation for the full period in question," added the ABI.

Another worrying possibility is that British courts might begin to interpret the wordings of public liability policies in a broader way than insurers originally intended. In the US, for example, most legal opinions have ruled that clean-ups ordered by the Environmental Protection Agency under the so-called Superfund legislation constitute insured damages under the terms of comprehen-

Leeds householders had to pay £5m for damage caused by an asbestos plant shut in 1953

sive general liability policies. Insurers can be presented with cost of environmental clean-up.
"I can't see a UK court going out of its way to interpret the policies totally against the written word," says Mr Philip Bell, liability manager of Sun Alliance. Mr Bell dismisses the

possibility that UK courts may interpret the wordings of public liability policies so that they cover the cost of ordered clean-up of contaminated sites from public liability policies.

Certainly insurers who now offer pollution cover are taking no chances. A handful of insurers, including American International Group, Zurich Insur-ance, the Chemical Industries Association and ECS Underwriting, offer insurance against the risk of gradual pollution. ECS last month introduced a policy to include the recovery of costs for the clean-up of an operator's own

Underwriting is highly selective. Claims must be made within the period of the policy. But all the companies make the policies dependent on the implementation of an environmental audit of the site to be insured. Subsequently policy-holders are obliged to maintain trol and prevention.

THE peoples of the European Community emotied 50m dustbins last year. Although this represents a mere fraction of the waste created by industry, the public is far more aware of it because it is on the

Over the past few years politicians have responded to the clamours of the increasingly vocal environmental lobby by introducing laws to limit the amount of waste produced, or at least encourage its re-use

and recycling. But the problem all legislators face is a simple one: what gets thrown away is not worth very much. If it were otherwise would be unlikely to be

thrown away in the first place. In order to reduce the amount of domestic waste governments are therefore faced with a choice. Either they mandate industrial companies and local authorities to collect and re-use the material: or they rely on tweaking market mechanisms to increase the inherent value of waste and thereby stimulate its re-use. This could be done, for example, by raising the cost of landfill sites to encourage more recycling or imposing duties or levies on

The problems created by these two approaches are com-mon to all debates about the virtues of economic regulation versus free-market liberalism.

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John Thornhill studies Europe's waste mountain

Dilemmas of the overloaded dustbin

The first approach - most aggressively pursued in Germany through the introduction of its Duales System Deutschland (DSD) - has led to industry collecting a vast mountain of waste without having the capacity to reprocess it. This has created an environmental perversity whereby large quantities of waste have been expensively collected and exported - either being dumped in other countries' landfill sites or seeping on to foreign markets at zero cost destroying the fragile economics of indigenous recycling

The supporters of the DSD argue that such distortions are only likely to be a temporary phenomenon. If a steady source of supply is created demand will inevitably follow, they argue. In some areas the effects of this argument are bearing fruit: four giant paper mills are already under construction in Germany to soak up the glut of waste paper.

But the DSD's critics argue that such approaches are only likely to lead to a "second Common Agricultural Policy Production will be stimulated while demand is ignored at enormous economic - and environmental - cost to

Yet the obstacles created when waste management is left entirely to the free market can prove insurmountable and can be illustrated by the difficulties faced by the polystyrene food packaging recycling plant officially opened in July by Linpac, the UK plastics

Mr David Eggleston, Linpac's environmental manager, says such plants are vital if the UK is to increase its rate of recycling but their existence is crucially dependent on the government introducing market-based incentives. The plant, which has the capacity to recycle 2,000 to 2,500 tonnes of waste a year, is testing the technical and commercial viability of in the existing market conditions it is uneconomic. The government "must

recycled materials of all kinds

at prices which make recycling economically viable," he says. The UK government has hes itated in introducing sweeping environmental initiatives. mission to finalise the details of its directive on the avoid-

ance of packaging waste. This summer, the EC published its far-reaching proposals aimed at harmonising environmental laws across the Continent. However, it is likely that it will take another two years before its modified principles become enshrined in national laws.

Its hierarchy of preferred solutions is: minimisation of the packaging used in particular products, followed by recovery and recycling, with final disposal in landfill sites remaining as a last resort.



A bottle bank in the London borough of Brent: recycling of used packaging is now a political issue

The directive sets a stiff target that within 10 years of implementation 90 per cent of all packaging waste by weight should be removed before it reaches the waste stream with 60 per cent of each packaging material being recycled.

It expects that within five years of implementation the member states will have set up appropriate systems to collect packaging waste from the consumer, enabling them to ensure that it is effectively re-

used or "recovered"

tive has come under fire both from industry, which argues that some of its provisions are too onerous, and environmentalists, who argue that they are too lax.

Suggestions for limiting the average amount of waste produced by each person in the EC which appeared in early drafts of the directive were dropped by the time the final version was published - much to the chagrin of groups such

as Greenpeace.
The environmental group Perhaps inevitably, the direc- argues that the prevention pri-

orities have effectively been "lobbied away" by industry with disposal becoming the main focus of legislative activity. "The net result today is that the waste management hierarchy has been turned upside down," it says.

But at the heart of the debate on packaging waste is a fundamental and irreconcilable difference between the industry and environmental campaigners. Companies want to sell more packaging; environ-mentalists want them to sell

In a free market economy. packaging companies cannot tribute to a lessening of demand for the products on their prosperity depends. Conversely, however, they clearly appreciate both the economic and environmenamount of material they use to

The clearest instance of this conflict is apparent in discussions concerning refillable containers. For many years, environmental campaigning groups, such as Friends of the Earth, have campaigned to promote the use of packages which can be re-used and re-

But although many of these schemes make clear sense in an ideal world, industry argues that they often do not conform to contradictory consumer desires in the real one. So, for example, although many shoppers profess to care about the environment, they are unlikely to appreciate queuing in a busy supermarket to refill milk bottles from a "steel cow" dispenser - even assuming high standards of hygiene could be

guaranteed. Ultimately it will be the shopper who will decide environmental priorities by assessing the relative attractions and costs of particular forms of packaging when buying a prod-



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THE CHEMICALS industry is not loved. Spectacular accidents and continuing attacks by environmentalists have knocked the sector's reputation. If the industry fails to respond to environmental pressure, both in performance and public relations, it risks being legislated to extinction, at least in populated areas of the developed world.

The chemical industry is blamed for most of the world's environmental difficulties. It has most to gain and farthest to go," says Mr David Buzzelli, corporate director for environment, health, and safety at Dow Chemical.

Chemical companies have some real environmental problems and some problems of public perception, argues Mr Michael Eckstut at management consultants, Booz-Allen. The problem is that the perception is reality. The industry must recognise both. he says.

The industry certainly has an image problem. Unfavourable opinions in the US about the chemicals sector increased between 1980 and 1990 from 40 per cent to 58 per cent, according to Mr Roger Hirl, president and chief executive officer of the Occidental Chemical Corporation. Meanwhile, favourable opinions slumped from 80

per cent to 14 per cent.
Mr Hirl told the International Council of Chemical Associations' conference this year: "We have many of the most energy-efficient, highest technology and environmentally sound facilities in the world. But we ignored the shift taking place in what people were thinking about the industry. We failed to see ourselves through the eyes of the pub-

The image of the industry is important because it affects its freedom to operate. Companies

are concerned that environ mental legislation - not always necessarily justified may threaten companies ability to compete.

"Failure to improve both performance and image will be very expensive," says Mr Buz-zelli at Dow Chemical. "Planning approvals for investment will be refused, making sites uneconomic so the companies themselves close the factories. Plants will be driven further from employees and markets, adding further costs." The chemicals sector could

if manufacturers fail to meet the requirements, they could be legislated to extinction

follow the nuclear industry and be legislated to the point of economic unviability, warns Mr Ernie Deavenport, president of Eastman Chemical

Already, the three chemicals giants, BASF, Bayer and Hoechst, are warning that the cost of domestic environmental legislation threatens to cripple the German industry by reducing competitiveness.

The chemical industry has recognised it cannot improve its environmental image until companies have improved their environmental performance. It is trying to clean up its act. In 1988, the US Chemical Manufacturers' Association set up a programme in the US called responsible care. The initiative, originally invented by the Canadian industry, now involves 175 US companies.

Responsible care calls for chemical companies to "demoustrate their commitment to improvement of all aspects of their performance which



andoned containers at a Weish chemicals plant — the industry is blamed for most of the world's environmental difficulties

Chemicals must fight to clear their name, says Paul Abrahams

Clouds of suspicion

relates to health, safety and the environment".

"We've moved from a period of denial to a period of dia-logue. The next stage is to deliver on our promises," says

"This is not a public relations programme, a PR solu-tion to a PR problem. Responsible care is nothing less than a cultural revolution for the way we are going to do things in

our industry." Companies, many for the first time, are now trying to measure their emissions' effect on air, land and water. German companies have been doing this for some time, but British and French groups are now joining in. Chris Hampson, executive director at ICI with responsibil-

ity for the environment, says the need for measurement is

vital, so that improvement can

actually be demonstrated. This year, Imperial Chemicals Industries, BP Chemicals and Rhone-Poulenc all published their emissions for the first time. The formats were not always similar, and there were omissions in parts of the data, but it was a brave step in the right direction.

The groups have also publicly set targets for themselves. ICI plans to reduce its wastes

by 50 per cent by 1995. Rhôneits effluent and solid wastes by 1995 and and cut them by 65 per cent by the year 2000. BP Chemicals has promised to slash hydrocarbon air emissions by half and water emissions by two-thirds by 1997. And Dow Chemical in Europe has promised to reduce the emissions of 56 compounds to

air and water between 1988 and

1995. Mr Buzzelli at Dow Chemical says such promises are important to avoid government legislation creating time-consuming and expensive regulations that may not be as effective as voluntary measures.

The cultural revolution implied by responsible care comes both from the top of organisations as well as from employees who share the concerns of the general public. Many chemical companies now have board members responsible for health, safety and the

Since 1973, BASF has eliminated 95 per cent of its effluent in the River Rhine

However, in spite of the rhetoric, implementation is not always easy. Mr Mike LaGraff, BP Chemicals' manager for health, safety and the environment, explains:

"Not everyone in this com-pany is in favour of reducing emissions. There are manufac turing guys who prefer to keep costs low. They still exist. Bob Horton, our previous chair-man, said 25 per cent of employees did not believe what we were saying about the environment. But we are working on them with internal and external pressures."

Much has already been achieved by the industry. BASF of Germany, for examnie, claims it has reduced its effluent load into the Rhine by 95 per cent since 1973. Air emissions are down between 80 and 85 per cent during the same period.

But can the industry afford to continue to invest, particu-

takes a great deal of energy -

an average-sized, modern pri-mary aluminium smelter con-sumes as much electricity as a

town of 500,000 people - but

the metal "stores" that energy.

It can take 5 per cent of the

original energy to make used

Estimates vary but the

aluminium as good as new.

are suffering? Improvements do not come chesp BASF spent D-Mark 500m between 1968 and 1992 on capital projects to reduce pollution, according to Dr Wolfgang

Jentzsch. BASF deputy chair-The group plans to spend D-Mark 900m between 1990 and 1994 on environmental capital projects, while between 1992

and 1996 it will spend as much as D-Mark 1.6bn. Mr Eckstut at Booz-Allen says companies are recognising that waste management is an opportunity to reduce costs. By reducing waste production in the first place, yield can be improved and disposal costs

reduced. However, the industry is beginning to flinch from the costs of environmentalism. It proves relatively inexpensive to reduce 80 per cent of emissions, says Mr Eckstut. But it can cost substantial sums to reduce the last 10-15 per cent. Many groups are already spending 20 to 30 per cent of

their capital expenditure on environmental measures. That, he says, is hard to swallow, especially when capi-tal spending is being slashed.

The operating costs of environmental equipment are also We are swallowing hard right now. Times are tough but we are staying with it." says

Mr Buzzelli at Dow Chemical "We are on track because by not doing it we put our busi-ness in peril."

Although the burden of environmental improvement is expensive, the cost of nor investing is even more so. The cost of not communicating the improvement effectively could prove terminal. The future success of the industry is dependent upon its credibility with the public.

ble aluminium last year. Tbat

the Castle Project charity is sold to the industry for £350 a tonne

Kenneth Gooding on an industry where recycling strengthens the bottom line

Look for a silver lining

A CHEEKY-LOOKING dog examines the bone someone has placed on a fragment of aluminium foil. Our pooch picks up the bone, drops it into a bowl conveniently placed alongside and then sets off with foil in mouth, leaping over household obstacles such as vacuum cleaners and outstretched human legs on its way to the kitchen sink. One paw starts the tap running to clean a trace of blood off the foil and then the dog is off to a hage container. It drops the foil into the bin which also contains empty aluminium drinks cans.

You've guessed. This is a television commercial. It is the most successful ever run by Reynolds Metals, the biggest producer of aluminium foil in the US.

The message is entertaining but clear. It says the aluminium industry wants its foil back, as long as it is clean; the industry will take back foil for recycling with aluminium cans and pay for the privilege. Mr Jeremiah Sheehan, Reyn-

Reclamation of foil identifies it as a green product and helps it to compete with plastics

olds' executive vice president, consumer and packaging prod-ucts, admits that it is not as commercially necessary for the industry to recycle foil as beverage cans - in the US only 200m lbs of aluminium is used annually for consumer foll, plus a similar quantity for

food and other containers, compared with 4bn lbs used

"But recycling helps to identify foil as a 'green' product," he points out. It gives foil an edge over competitive prod-

nets such as plastics. Reynolds began by testing foil recycling in 1991 in five US cities: Richmond, its home town in Virginia; Baltimore; Tampa; San Francisco; and Seattle, Already one in 10 households in these test areas is recycling foil regularly. The campaign has been extended this year to cover half the US and in 1993 about 70 per cent

of the States will be covered. And, following the industry dictum that it's best to catch recyclers young, Reynolds has had 2,100 schools competing to build the biggest ball of foil in a "Great Balls of Foil" compe-

tition for cash prizes. Last year Reynolds paid recyclers \$128m for about 240,000 tonnes of consumergenerated aluminium (mostly cans). Mr Sheehan says Reyn-olds' campaign "already has lifted both the foil market and

Across the Atlantic in the UK a similar campaign is about to be mounted.

In the UK nearly 40 per cent of aluminium used in packaging (including beverage cans) goes into foil and about 50,000 tonnes of aluminium foil packaging, worth roughly £15m, is thrown away every year. To recapture at least some of

this, an Aluminium Foil Becycling Campaign (AFRC)

has been started by foil con-verters Alcan Ekco Packaging. Bowater Foil and Paper Products and William Garfield, all members of the Aluminium Foil Container Manufacturers Association, with British Alcan Consumer Products. They plan to establish the first 50 local authority aluminium foil recycling schemes in 1993. AFRC says that, although foll is as recyclable as aluminium drinks cans, it has differCambridge, Coventry, Leeds, Sheffield and Perth – which will demonstrate to local authorities how foil collection can fit into the different types of recycling schemes commonly run in the UK.

The aim, wherever possible, is to retain the charity benefit tradition of saving clean aluminium foil but to integrate this with efficient recycling practice by joining local authority schemes. Three of the pilot schemes have charities emptying foil "banks" on local authority and supermarket sites, in return for ownership of the fall. Foil is sorted and loosely compacted by the charities and then collected by an existing secondary (scrap) aluminium industry transport system, led by Cookson Aluminium, to be re-melted. The price for foil in this system is

currently \$350 a tonue. There is, of course, more to this campaign for the industry than a willingness to contrib-ute to charity. The aluminium foil packaging producers have in mind various pieces of legis-

Making aluminium from scrap requires only 5% of the energy used in the original process

lation which threaten to have tremendous impact on the ckaging market. For example, the 1990 UK Environment Protection Act required all local authorities to produce recycling plans by August this year saying how they would meet the target of 50 per cent recovery of recyclable materials from the waste stream by

the year 2,000. Meanwhile, the European Community, judging by its draft directive on packaging waste, seems likely to set a 60 per cent target for the recov-ery and handling of all used packaging materials - and sibility for achieving this level falls largely on the producer industries. Apart from helping the pro-

compares with production of new material totalling about 15m tonnes. Growth in demand for scrap or secondary metal is growing at 5.5 per cent a year or nearly twice the rate for primary metal.

Already as much as 70 per cent of the aluminium used in ducers promote the image of aluminium as a "green" metal, recycled aluminium of any kind provides the industry with cheap raw material. Manufacturing new aluminium

electrical engineering, building and transport is re-used. Aluminium automotive cast ings are almost entirely made from scrap metal.

The industry is working hard to get back as many alu-minium beverage cans as possible for recycling - more than 63 per cent of cans are recycled in the US while the European average has moved up to 21 per cent and the European industry has set a target of recycling half of all

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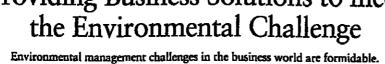
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Jennifer Dack, Wallace Evans Limited, Plymouth House, Penarth, Cardiff CF6 2YF Tel: 0222 704321, Fax: 0222 709793 Wallace Evans Limited is one of the Welsh Water PLC group of companies.

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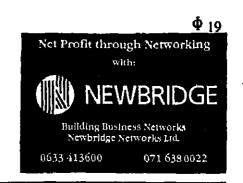
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FINANCIAL TIMES COMPANIES & MARKETS

Tuesday November 10 1992 OTHE FINANCIAL TIMES LIMITED 1992



INSIDE

Hyundai looks to **Europe for exports**

Europe could this year emerge as the biggest toreign market for Hyundai Motor, South Korea's largest carmaker, as sales to the US have slumped. In an attempt to revive exports, Hyundai has expanded its European distribution network during the past three years. In 1988 four European countries sold Hyundai cars; this has increased to 25. Page 21

Italy ponders over aluminium The long-term future of Alumix, the Italian aluholding company, put into voluntary liquidation in July, is unclear and many industrialists

question why Italy, lacking reserves of bauxite ever created an aluminium business. Page 28 Paradox of potato profits

The UK potato crop this year is one of the big-

gest ever with total potential yield estimated at about 7m tonnes. But the perceived surplus means some farmers expect to make a loss this year. Page 28

Spreading faith in Citicorp

Or Onno Ruding, the former Dutch finance minister and now vice-chairman of Citicorp, is keen to put the problems of the biggest bank in the US in perspective by pointing out that Euro-pean operations are resilient. Page 23

Milan focuses on banks Cradito Hallano The Milan bourse focused on private

focused on privatisation cially state-controlled banks, bolstered by yes terday's announcement by iri that it would sell its entire 67 per its entire 67 per cent
stake in Credito through tive auction. Credito Ital-Out 1966 No. iano led the gainers, as it rose L220, or 10 per cent, to L2,430. Back Page

Understanding Morgan Crucible Morgan Crucible is not the best understood years, even diligent investors can be forgiven for losing sight of what exactly Morgan makes. Now it is about to pay \$2.3m to buy assets from Frenchtown Ceramics, which it says will add technology and market position to Morgan's US technical ceramics business. Page 26

Market Statistics

SHEAT SCHOOL

LASSE Mile Mile

- 2.5

Base lending rates Benchmark Govt bonds FT/ISMA int bond svc FT guide to currencies Financial futures Foreign exchanges

Lordon stare service Liffe equity options London tradit, options Managed fund service Money markets New int. bond, issues Mittel commedity, refere World commodity prices World stock mkt indices

Companies in this issue Adam & Harvey

Ahistrom Air Canada Bank Bumiputra Betterware British Empire Secs Continental Airlines Digital Equipment Dillard Dept Stores Fleetwood Electrics Forus Bank GPA Hanson Harmony Leisure Henderson Admin Hewlett-Packard

26 Manger (J) 20 Merconi instruments 19 Marsh & McLennan May Dept Stores Minoita Morgan Crucible Nationwide BSoc 26 Nations 21 Omron Polypal Prowting RHM RVI Ross Seab Smith & Nephew Storage Technology Sun Microsystems TSD Tisco Tomkins UB Group 22 Varde Bank 19 Wagon Industrial 21 Wardle Storeys 20 Westpac 23 Witshire Brewery

Chief price changes yesterday

467.5 + 9 524.5 + 14 316 + 18 431 + 12 387 + 11 Air Liquida BiC 726 -- 26 Docks de Plance 385 - 14 Fonc Lyonneite 540 - 27 TOKYO (Yen) 133 + 162 .+ 10 Hyogo Bank 485 61s Alippon Carbon 372 23% ~ 476 144 Applio Metals 135 Berton Gebiczi High-Point Lasmo Northernia

More job losses

on way

RENAULT Véhicules Industriels (RVI), the French truckmaker, is ted shortly to announce up to 2,500 job losses, nearly 15 per cent of the workforce, according to a letter from trade unions to the government owner.

RVI is heading for around a FFr1bn (\$190m) loss this year, a sharp turnround from the FFr23m net profit it made in 1991, says the letter from the CFE-CGC white collar union, which appeals to the ministers of labour and industry for other solutions to the problem.

The exact size and timing of the job losses, the latest indica-tion of the depth of recession in the world truck industry, will be announced by RVI management in the next few weeks, possibly at the next staff council on

November 18.

An RVI official yesterday confirmed that job losses were on the way, in response to a steep decline in orders. French truck sales alone are expected to fall 25 per cent this year, according to the union letter. RVI, which announced just over 1,000 job losses last year, has already introduced temporary lay-offs, averaging seven days per month. But these are inadequate in the absence of any signs of recovery in sales, said the official. If the latest job losses are

confirmed, RVI will have lost 30 per cent of its workforce over the past two years. This news will be all the more unwelcome to the government, which must vet the plans, at a time when unemployment continues to rise, up 1 per cent to 2.9m in September, or 10.3 per cent of the workforce.

Until recently, the public sector has been able to shed jobs with little union opposition, hat feelings have begun to heighten, a 24-hour strike by Air France employees against 1,500 job • Peugeot, Europe's second largest carmaker, which also includes Citroen, yesterday

nine months of the year. Peugeot's published turnover fell by 1.2 per cent to FFr116.7bn in the nine months to September, but the underlying fall was smaller after adjusting for the previous year's sales of its cycles business and an engineering unit. Peugeot said it gained market share in Spain, Britain, Germany and Portugal.

GPA shelves planned preference issue

GPA. Group has shelved its \$350m not willing to take part in any refinancing of convertible preference share issue which it planned to complete by the end of the year, group could be in breach of its covenants."

holders with the same plan, he added. Nomura has 1.75m GPA shares, most of which it bought at an average of \$20 a share writes Roland Rudd.

Nomura International, the Japanese investment house working on the convertible, has told shareholders that GPA's failure to raise \$752m from Alps2 (the securitisation of airlonger go ahead. One of GPA's biggest shareholders said:

"We have been told that the convertible has been aborted. I do not believe the group will try again to persuade shareholders to raise

Nomura had hoped that 65 per cent of GPA's shareholders would make irrevocable commitments to take about two-thirds of the

new shares by Wednesday. It planned to place the remaining one-third craft leases) means the convertible can no of the shares with new investors over the next week in order to launch the new share

However, one of GPA's financial adviser: said: "The convertible was based on a whole range of business assumptions which are no longer viable." Nomura would find it impossible to go back to share-

Main debt repayments

After 1997...

404

... 151

.1.343

compared with the \$8 conversion price of the shelved convertible.

Although the investment bank is not involved in advising GPA in its talks with its banks, it hopes to continue its relationship with the group.

GPA has written to its investors detailing its current financial situation. A GPA executive said yesterday the group took heart from its core leasing business which continued to perform will under Mr Phil Bolger, deputy chief executive of GPA

Orders

At March 31, 1992

stated at prices

January 1992

applicable in

By Nikki Tait in New York and CONTINENTAL Airlines, the fifth largest US carrier which

US carrier

agrees Air

Canada's

\$450m bid

has been operating under Chap-ter 11 of the US bankruptcy code since late-1990, yesterday accepted a \$450m investment proposal from Air Canada, the larger of the two main Canadian The deal is another step in the trend towards global airlines alliances and follows a long bid-

ding process. It will be implemented when Continental's reorganisation comes into effect and the carrier moves out of bankruptcy, probably in early 1993.

The deal promises a welcome cash injection for Continental.

Meanwhile, Air Canada has been manoeuvring for 18 months to become an emerging global airline, but has been dogged by a worsening financial performance as the Canadian recession has Air Canada, with a Texan

investment partnership called Air Partners, plans to invest \$450m. Of this, \$110m will buy common stock in the carrier, shared between the Canadian carrier and the partnership. Air Canada will also buy \$30m of non-voting preferred stock.

Air Canada will also acquire \$150m of debt securities backed

by unencombered assets of the US airline, while Air Partners will buy and then place out \$160m of debt securities secured by assets of Continental Micronesia, a Continental affiliate. Air Canada will hold 27,5 per

cent of the equity in the reorgan ised airline, and 24 per cent of the voting stock. Air Partners – headed by Mr David Bonderman and Mr James Coulter, who have links with the billionaire Texan financier, Mr Robert Bass — will have a similar equity stake but 41 per cent of the votes.

A further 35.6 per cent of the equity will go to Continental's for forgiving certain claims. The restructured US airline will have 18 board members – six Air Partners appointees, six from Air Canada, three representing the unsecured creditors, two independents and one from man-

The deal requires regulatory approval, but yesterday Air Parters said the bidders had attempted to comply with US caps on foreign ownership of aircent of the voting rights and up to 49 per cent of the equity.

Another investor said: "Shareholders are Flying into thin air as debt rises

Roland Rudd and Robert Peston on the troubled leasing group

₹ PA Group's recent failure to raise \$752m from the sale of bonds backed by 18 aircraft leases triggered the current talks with its banks over rescheduling its borrowing

The aborted securitisation of aircraft leases has unravelled the financial strategy that the group put together with its sharehold-ers, lenders and aircraft suppliers in the aftermath of its shelved \$800m flotation in June. Its debt has risen significantly

since it issued its prospectus for its falled flotation when it had borrowings of more than \$3hn. They have now risen to around While GPA appears able to pay

its interest on its debt for the foreseeable future, an analysis of its accounts shows it may face difficulties in paying back principal on the debt from cash

flow.

The group reported \$285m in net cash flow from leases - after the deduction of interest - in 1992. In other words, these were the funds generated last year to meet other obligations, such as debt repayment. GPA's latest accounts says that

announced an underlying 0.6 per cent decline in sales for the first \$451m comes up for repayment in . the current year, which ends on March 31 1993, and that a further \$654m is due in the following

It will have difficulty making these payments, unless there is a sharp increase in net cash flow from leases, which the company The securitisation of aircraft helped in making these debt pay-

It would also have boosted shareholders' confidence and therefore increased the chances of the company raising a further \$350m from a preference share issue. But this issue has now been shelved, and with it the group's hopes of a Luxembourg public listing.

Its lending banks - which

include National Westminster, Citicorp of the US and 26 Japanese banks - are aware that in the absence of new liquidity, either from the securitisation of aircraft or from tapping existing shareholders for new funds, the group will need to reschedule some of its debt payments for

A further problem facing the group is that it has signed con-tracts with aircraft manufacturers to buy 308 aircraft by the year 2000 at a cost of \$11.9bn and it has the option to buy a further 200 for \$9.1bn.

cent of all orders and options placed by aircraft leasing companies. The Los Angeles-based International Lease Finance Corporation (ILFC), owned since 1990 by the American insurer AIG, is second with 24 per cent.

GPA recently persuaded the manufacturers to defer delivery of \$5bn of these aircraft. However, this agreement was conditional on the success of the preference share issue.

That tentative agreement will now have to be renegotiated. GPA has paid \$954.1m in pre-

Group PLC: Flying in Thin Air, says: "Barring a radi-cal change in the global aviation market, we believe GPA will have great difficulty placing most of these new planes [on leases with airlines] in advance of the order dates, yet we doubt their lenders will allow access to credit

delivery payments, with Boeing holding 37 per cent of the pay-ments, Airbus 29 per cent and without leases being in However, Dr Onno Ruding, vice-chairman of Citicorp, which is one of GPA's lenders, said:

McDonnell Douglas 26 per cent. Under the current contracts, GPA The role of a specialised interis committed to spend \$4.7bn by the end of 1993 on the purchase mediary in the aviation business . . . remains crucial. There will remain a major need for of 146 aircraft A report by the Wall Street alises in debt trading, says that banks may be reluctant to prothe parties involved are aware of it, particularly the manufacturvide the funds to meet these comers. I don't have to explain it to them . . . There should be

co-operation between suppliers and banks." The report, called GPA GPA's future will be decided by whether there is co-operation between these manufacturers and banks in any restructuring of its finances.

But given that there are competing manufacturers and 73 banks - plus other creditors reaching agreement will not be

currencies at extremely favourable

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Wherever you find yourself, you'll find that

Black pays C\$259m for 23% stake in Southam

By Bernard Simon in Toronto

MR Conrad Black, Canadian proprietor of Britain's Daily Telegraph, has broadened his base in North American publishing by becoming the largest single shareholder in Southam, Cana-

da's biggest newspaper chain. Hollinger, Mr Black's holding company, has agreed to pay C\$259m (\$208.8m) for the 23 per cent stake in Southam previously held by Torstar, another Canadian publishing group.

Hollinger is prevented by a Southam "poison pill" from immediately buying more of Southam's stock. But the deal fits the strategy Mr Black has favoured in the past of gaining control of troubled companies by starting off with a minority stake. Mr David Radler, Hollinger's president, said yesterday Sou-

Hollinger owned about 5 per cent of the company in the 1980s, which it sold three years ago at

about double the current market "We still valued it as a serious asset, and as an asset we

wanted," Mr Radler said. Hollinger paid C\$18.10 for each of Torstar's 14.3m Southam shares. A Southam official said the remaining shares were widely held, with no single block of more than about 5 per cent. Mr Radler said the deal expected to be finalised by the end of the year - would be

financed through "normal lines Southam owns 18 daily newspapers, with a combined circulation of 1.5m. They include the main English-language papers in Mon-

tham was an "under-valued treal, Vancouver and Ottawa. Southam also publishes trade magazines and owns a leading Canadian bookstore chain. A new management team is seeking to bring down costs and

focus on the core newspaper busi-Southam posted a C\$186m loss in the first nine months of this year, most of it stemming from a commercial printing division

which has since been sold. Mr Black has been searching for a North American flagship to augment three chains of small,

mostly rural newspapers which Hollinger owns. He recently with-drew an offer to buy the bankrupt New York Daily News. Hollinger also has a stake, through The Telegraph, in Fair-fax, Australia's second biggest publishing group, and owns the

Jerusalem Post.

Hanson threatens to sue Costain

By Andrew Taylor in London and William Dawkins in Paris

HANSON, the large Anglo-US conglomerate, last night threatened to sue Costain after the UK construction group announced it was accepting a higher offer for its profitable Australian coal

mining business. Costain said Altus Finance, part of Credit Lyonnais, the French state-owned bank, had agreed to pay US\$245m for the coal mining business and Costain's remaining Australian com-

mercial property interests. Costain had agreed to sell only the New South Wales coal-mining. operation for US\$200m to Peabody Coal, a Hanson subsidiary. Mr Irl Engelhardt, president of Peabody, the world's second largest private coal producer, said: "We are consulting our legal

advisers on this. Peabody has acted in good faith and we have an enforceable contract." It is the second time in less

than two weeks Hanson has been trumped. The group last week pulled out of its £790m (\$1.2bn) offer for Ranks Hovis McDougall after Tomkins, a rival British conglomerate, bid £935m for the UK milling, baking and grocery products group, Mr Peter Costain, chief execu-

tive of the British construction group, yesterday denied the company had broken the terms of the agreement with Peabody announced three weeks ago. He said: "Under the sale agreement we were permitted to consider a subsequent unsolicited

offer, if this was considered by

best interest of our shareholders.

We can understand Hanson's dis-

to look after our shareholders Hanson claims the Altus offer resulted from talks begun before

the Peabody deal was announced. Altus will take over borrowings of A\$120m (\$85.7m) making the deal worth more than £200m (\$306m) to Costain which needs to reduce its large borrowings. Costain said the offer, after expenses, was worth £26m more than the offer from Peabody. Part

ter offer for its coal mines. Altus, which controls a £1.6bn portfolio of financial and industrial holdings, has been seeking to diversify away from financial investments. It is 67 per cent owned by Crédit Lyonnals and 32 per cent by Thomson-CSF, the French state defence group.

Lex, Page 18; Observer, Page 17

of the increase was due to a bet-

investments'

BAA shrugs off recession with 46% rise at halfway

Aerospace Correspondent,

BAA, the privatised UK airport group, yesterday shrugged off the recession by reporting a 46 per cent rise in first-half pretax profits to £220m (\$338m) and a 9 per cent rise in its interim dividend to 6.25p a

The performance reflected a 30 per cent rise in productivity, lower property write-downs and restructuring costs, and a recovery in passenger traffic after the Gulf war slump last

The productivity improvement followed a 20 per cent cut in the workforce in the past financial year from 10,733 to

Exceptional charges covering property write-downs and staff reorganisation fell to £11.5m compared with £54.5m a year ago. Excluding these charges. pre-tax profits rose 12.6 per cent to £232m. Group revenues rose by 5 per cent to

Although passenger numbers increased 11 per cent in the first half, passenger growth for the year to the end of March

Consortium

By Hilary Barnes

in Copenhagen

formed to prop

up Danish bank

of about DKr17bn (\$2.8bn).

Esbjerg area of west Jutland,

experienced a run by deposi-tors at the end of last week

despite the fact that local busi-

nessmen have promised to sub-

scribe to a share issue as a

means of strengthening capital

This is the first time since

1984 that the Danish central



Sir John Egan: figures reflect the continuing recession

1993 was expected to be between 6 per cent and 8 per cent. Sir John Egan, BAA chief executive, said this reflected continuing recession in the UK and other industrialised countries and the fact the Gulf war recovery had been absorbed by the traffic figures.

In spite of the 11 per cent rise in passengers, income from landing fees rose only 3 per cent in the first half to £246m because of tougher reguyear by the Civil Aviation Authority. But Sir John said BAA managed to cut debt by £78m and for the first time since privatisation it was in a positive cash-flow position.

Traffic at Heathrow, the

group's biggest airport, grew nearly 11 per cent largely as a result of increasing numbers of passengers using Heathrow to transfer between flights. Transfer passengers accounted for a third of the growth in passenger numbers during the first half. Sir John said the transfer market had become "the frontline in the competitive battle between Europe's major air-

Although the group's overall commercial income rose 7 per cent to £163m in the first half, passengers were spending on average about 3 per cent less than last year, largely due to recession, more transfer pasngers with less opportunity to shop, and the weakness of the US dollar this summer which deterred US consumers. However, BAA is continuing

activities. Lex, Page 18; Gatwick revival hopes, Page 24

Bleak result at Minolta reflects strategic flaw

By Robert Thomson

MINOLTA, the Japanese A CONSORTIUM of eight large camera maker, yesterday banks, including the central bank, formed a consortium at announced pre-tax losses of Y4.98bn (\$40m) for the six months ended September, the weekend to guarantee liquidity to Varde Bank, Denreflecting the vulnerability of mark's tenth ranking bank leading Japanese companies with assets at the end of 1991 with a past strategy of high quality but low profitabil-The bank, which serves the

The company's interim statement painted a bleak picture. After reporting taxable losses of Y2bn in the same period last year, cash reserves have fallen and short-term borrowings have increased, while the value of securities holdings was eroded by the continuing weakness of the Tokyo stock mar-

as Minolta faced intense com-petition in the domestic camera market and struggled to fulfil its aim of shifting the sales emphasis to office equipment such as copiers and word processors.

Camera sales were down 22 per cent during the period, with export earnings down 26 per cent. A restructuring plan intends to reduce the reliance on export earnings by increasing sales in the home market, but domestic sales were also 13 per cent lower.

Office equipment sales were down by just over 3 per cent, and sales in the domestic market rose only marginally from Y11.2bn to Y11.9bn. The company's cash reserve

fell from Y14.5bn at end March to Y8.9bn, while inventorles rose from Y49.7bn to Y57bn

Henderson predicts ICI split-up for this year

By Paul Abrahams

SIR DENYS Henderson, chair man of Imperial Chemical Industries, the UK chemicals based group, yesterday confirmed that the organisational split of the group's pharma-ceuticals, agrochemicals and specialities businesses into a separate company was on track. He said the new company would be fully formed as a subsidiary of ICI by January l next year.

Sir Denys said a final decision to go ahead with the demerger of the group into two separately-quoted companies would be made at February's meeting of the ICI board. The board would look at the financial position of the whole company and forecasts for the group's performance next

Sir Denys, speaking in Taiwan, where ICI was opening a £150m facility, refused to to expand its airport retailing comment on whether ICI would maintain its full-year dividend.

The board would also consider the state of the stock market to establish whether it would be possible to issue fresh shares in the bioscience company, he said.

Analysts believe most of ICI's liabilities will be given to the bioscience group, freeing the bulk chemicals operations from debt. The bioscience businesses will then issue share: to clear their debt and raise cash for possible acquisitions. Sir Denys warned that the pharmaceuticals division's operating profits next year would be flat. The division generated trading profits of £538m last year, equivalent to 52 per cent of ICI's total pretax profit on 12 per cent of group sales.

AHLSTROM, the Finnish forest Next year agrochemicals would improve on its poor perand metals engineering group. formance during 1992, he is set to become the leading added. "There's a lot of money private shareholder in Ensolooking for quality stocks," he Gutzeit through a forest-forsaid. "As a company, the bioshares deal worth FM926m science business should be Enso, one of Europe's quite attractive – in fact, that is British under-statement. leading forest industry they should be very attracgroups, is buying 100,000 hect-

Neighbourhood fight in Madrid

Peter Bruce watches a takeover battle in Spain's property sector

takeover battle for the area could be transformed control of a huge residential area of Madrid recently vacated by the US Air Force promises to be one of the fiercest ever in Spain.

The object of the struggle is the property company which owns and is named after the area, El Encinar de los Reyes (Royal Oaks). At stake is a rapid catch-up in property values following an end to more than 30 years of price control. El Encinar is wedged between two of Madrid's most expensive northern suburbs. Moraleia and El Soto de Moraleja. While well-heeled Spaniards have been paying vastly inflated prices to buy into the

two Moralejas, property values in El Encinar have been governed by prices agreed in 1958. It was then that the US first established military links with the Franco dictatorship. But the US service families have now departed and El Encinar's owners believe that with a little rebuilding and some paint,

into a boom town As the Spanish property market continues to fall into the doldrums, El Encinar and its 866 homes must be the only property in Spain capable of

generating more money in the

next five years than it has in

the past 30.
The Olazabal family, immigrants to Madrid via the Basque country and Mexico, where they made their fortune, bought control of El Encinar in 1962. They now own 35 per cent of the company and have expanded into other ventures, particularly in Mallorca.

Clearly, the Olazabals have been waiting a long time for their sitting tenants at KI Encinar to go in order to raise rents or sell the properties. But instead of buying up the shares that still trade on the stock market before the American families left, they waited just a little too long. Banco Bilbao Vizcaya (BBV)

one of Spain's biggest banks

and the most powerful Basquerun institution in Spain, began buying shares carlier this year. Through its property affiliate. Metrovacesa, it owns almost 25

In October, the Olazábals announced they were making a formal bid for 14 per cent of El Encinar at Pta2,500 (\$22.45) a share. On the face of it that would give them just 49 per cent of the company but El Ecinor owns 3 per cent of itself in treasury stock so they would have effective control.

Last week BBV struck back with plans to launch a counter offer later this month for 75 per cent of El Encinar.

The Olazabals quickly responded with a bid of Pta2,750, and spoke of "sense of sorrow that a Basque bank, and especially the BBV, should so violently try to displace a Basque family from exercising its traditional

What is being offered up

here is a graphic display of how many of Spain's old busi-ness families still believe business is something done between friends, BBV, which has been living in a tougher world for some years, immediately said it would beat the new Olazabal offer if it expired unsuccessfully. Last night the family was debating whether to widen the offer to satisfy its angry competitor.

It is probably no coincidence that the Olazabal bid is being guaranteed for Pta2.45bn by the BBV's main rival. Banco Central Hispanoamericano (BCH). Even less of a councidence is that Metrovacesa's biggest property rival is Valle hermoso, which is owned by

the BCH. Vallehermoso may not want to take El Encinar away from the Olazabals but it would be most unhappy if Metrovacesa were to walk away with something quite so succulent in a market so depressed. The fight for El Encinar could get ugly.

Saab Auto looks to save SKr2bn

By Christopher Brown-Humes

SWEDEN's Saab Automobile said yesterday it would cut 2,000 jobs in a bid to improve productivity and restore profits to its operations. The aim is to achieve cost savings of SKr2bn

The worst-hit facility will be the group's main Trollhätten plant, where 1,650 jobs, or more than 20 per cent of the workforce, will be cut. A further 330 jobs will be shed at the

By Christopher Brown-Humes

Interest Rate

Interest Period

Interest Amount per U.S. \$10,000 Note due

8th February 1993

Södertālie operations. Saab, which is jointly owned

by Saab-Scania and General Motors of the US, said it had been forced to take action because of the poor sales outlook and the losses it continued to sustain. Mr Keith Butler-Wheelhouse,

who took over as chief execu-tive in September, said: "We are losing more than one million dollars a day. These actions are necessary to safeguard Saab's future." The group said it made a loss

Ahlstrom to take key role in Enso

Payment will be in the form

of 44m new Enso shares, which

equates to 23.5 per cent of the

shares in Enso and 10.1 per

Finnish state as the largest

shareholder, with 59 per cent

Mr Jukka Hārmālā Ruso's

president, said the transaction

would increase the size of the

The deal still leaves the

Finland from Ahlstrom

cent of the votes.

of the votes

U.S. \$250,000,000

Crédit Lyonnais

Subordinated Floating

Rate Notes Due August 1997

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Rosinka Joint Venture

Russia

5% per annum

9th November 1992

8th February 1993

U.S. \$126.39

the SKr2.11bn deficit in the same 1991 period. But the loss worsened in the third quarter to SKr541m from SKr522m a year ago, and the full year result is expected to be in line

with the SKr2.2bn loss sus-

tained last year.

Sales in the first nine months were higher at 66,800 units, compared with 64,700. but the forecast for the full year is unchanged at 87,500. Next year output is expected to total just 80.000

group's raw material base to

more than 450,000 hectares. It

would also improve the group's

Enso will issue 6.6m series A

restricted shares at FM27 each

and 37.4m series R restricted

shares at FM20 each to Ahls-

trom. The deal is expected to

be completed by the end of the

year, with the new shares enti-tled to a dividend from 1993

debt/equity ratio, he added.

Fokus Bank to seek injection of state cash

By Karen Fossii in Oslo

FOKUS BANK, Norway's third biggest bank, yesterday reported a sharp decline in nine-month net losses to NKr405.3m (\$62.7m) from NKr1.49bn last year, but warned it has been forced to seek a further injection of state

capital. Fokus said its capital adequacy at end-September was 4.5 per cent of risk-weighted assets. It needs the extra capi-tal in order to meet a regulation target of 8 per cent by the

Both Den norske Bank and Christiania Bank, the two biggest banks, last week said they had entered discussions with the state-backed bank insurance fund to obtain fresh capital. Last year the three trou-bled banks fell under the control of the state after experiencing successive losses for a number of years. As a result the state was forced to inject more than NKr20bn into the Norwegian bank sector.

bank and other banks have Sales for the first half were joined forces to place a safety net under a troubled bank. down 11.9 per cent to Y99.5bn, WE ARE CHANGING OUR NAME BUT NOT OUR MISSION

The Caisse Centrale de Coopération Economique is now

CAISSE FRANÇAISE

Providing development finance for public and private investment projects, so that everyone may benefit from major world developments: this is our activity in sixty countries, and

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> International Moscow Bank Moscow, Russia

> > We were pleased to assist Rasinka Joint Venture in locating and negotiating this financing. CLIFFORD L. BRODY ASSOCIATES WASHINGTON, D.C. 202.659.3282

St.George U.S. \$100,000,000

Floating Rate Notes due 1998

Notice is hereby given that for the Interest Period 9th, November, 1992 to 9th February, 1993 the Nores will carry a Rate of Interest of 4.075% per annum. The Interest Amounts payable will be U.S. \$104.14 per U.S. \$10,000 Note and U.S. \$1,041.39 per U.S. \$100,000

Note. The Interest Payment Date will be 9th February, 1993.

Bankers Trust Company, London

Agent Bank

IN THE MATTER OF CENTRAL CAPITAL CORPORATION AND ITS PREDECESSOR COMPANIES, including the following companies CENTRAL ASSET MANAGEMENT INC. CENTRAL CAPITAL RESOURCES CORPORATION **CANADIAN GENERAL SECURITIES, LIMITED** CENTRAL CAPITAL HOLDINGS INC. 150093 CANADA INC. TRANSITIONCO LIMITED

AND IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C.36, as amended

NOTICE OF PLAN ADMINISTRATOR'S CALL FOR CLAIMS AND NOTICE OF MEETINGS OF CREDITORS

By an order of the Honourable Mr. Justice Houlden dated July 9, 1992 (the "July 9th Order") made in the Ontario Court of Justice (General Division) (the "Court"), Central Capital Corporation ("CCC") was authorized and permitted to file a formal Plan of Arrangement or was sufforized and permitted to file a formal Plan of Arrangement or Compromise with its unsecured creditors, pursuant to the provisions of the Companies' Creditors Arrangement Act. CCC filed a Plan of Arrangement with the Court on September 22, 1992. CCC filed an Amended Plan of Arrangement (the "Plan") with the Court on October 27, 1992. Pursuant to the Plan and an order made by the Court on September 22, 1992, Peat Marwick Thorne Inc. was appointed Plan Administrator for the purposes of supervising the calling for and proving of claims by CCC's creditors. Accordingly, the Plan Administrator hereby calls for claims against CCC for purposes of effecting the Plan. of effecting the Plan.

The July 9th Order also provided for the appointment of Peat The July 9th Order also provided for the appointment of Peat Marwick Thorne Inc. as Interim Receiver, Manager and Administrator (the "Administrator") of certain assets of CCC for the purpose of effecting the sale the ("CtGL Transaction"), in exchange for a reduction of creditors' claims against CCC, of certain of CCC's assets to The Canadian Insurance Group Limited. In connection with the CtGL Transaction, the Administrator, under date of August 14 1992, called for claims against CCC with a deadline of September 8, 1992 for the submission of such claims. The CtGL Transaction closed effective October 1, 1992 and accordingly, the purpose of the Plan is to deal with CCC's residual assets, liabilities and outstanding and issued share capital. and outstanding and issued share capital.

In order to participate in the Plan, a creditor must file with the Plan Administrator a proof of claim in the prescribed form unless the creditor has already filed a proof of claim in response to the Administrator's call for claims dated August 14, 1992. Claims are to be based on CCC's indebtedness to creditor's as of June 15, 1992, the date of a Court-ordered stay of proceedings.

A creditor whose claim is below \$10,000 or who wishes to value its claim at \$10,000 will, assuming such claim is accepted, be entitled to receive a cash payment in ileu of securities. In order to receive such cash payment, a creditor with a claim over \$10,000 must elect to value its claim at \$10,000. A creditor who has already filed a claim with the Administrator in connection with the August 14, 1992 call for claims and did not indicate such election but now wishes to make such election. must file a \$10.000 Election Error with the Plan make such election, must file a \$10,000 Election Form with the Plan Administrator.

The deadline for receipt of Proofs of Claim and \$10,000 Election Forms by the Plan Administrator is 5:00 p.m. on November 20, 1992. Meetings of creditors are scheduled to be held in Toronto, Ontario, Canada on November 24, 1992 to consider and vote on the

Creditors who have not already received, by direct mail, notice of the Plan Administrator's call for claims dated October 28, 1992, along with a copy of the Plan and the prescribed claim forms, should request same by contacting Mr. Nicholas Breatton of the Plan Administrator's office.

IF YOU HAVE ALREADY FILED A CLAIM WITH THE ADMINISTRATOR, IN CONNECTION WITH THE AUGUST 14, 1982 CALL FOR CLAIMS, YOU ARE NOT REQUIRED TO FILE AGAIN UNLESS YOU NOW WISH TO MAKE THE ELECTION REFERRED TO ABOVE

Dated at Toronto, this 10th day of November, 1992.

PEAT MARWICK THORNE INC. Court Appointed Plan Administrator CENTRAL CAPITAL CORPORATION P.O. Box 31, 33rd Floor Commerce Court West Toronoto, Ontario, Canada MSL 1B2

the quotas placed on Japanese

imports in developing a mar-

ket. But our sales volume is too small for trade barriers to

be directed against us. Our

market share is peanuts, less

than I per cent of the Euro-

in Europe is unfavourable per-

ceptions about the quality of

its vehicles. Mr Kim acknowl

Hyundai is hoping that its Lan-

tra compact car, launched in

mid-1990 after five years of

development, will help restore

Elantra in Korea - is expected

this year to replace the Excel

as Hyundai's most popular

model in both the domestic

and foreign markets. Hyundai

also exports its Sonata saloon

and Scoupe compact, while its

luxury car Grandeur is only

lopment programme is the sec-

Hyundai's research and deve-

The Lantra - known as the

Hyundai's greatest obstacle

pean market."

public trust.

sold in Korea.

INTERNATIONAL COMPANIES AND FINANCE

Westpac

deadline

tional shareholders,

management

given year's

By Kevin Brown In Sydney

problems before facing pres-

sure for changes from institu-

director of the AMP Society,

Australia's biggest financial

institution, said it had been made clear to Westpac man-

agement that the bank's opera-

tional performance must be

improved quickly.
"They will do it in the

course of the next six to 12

gest shareholder with just

under 15 per cent of the stock

and two seats on the board. It

has supported the bank's

board and senior managers

over the past two years in spite of a series of poor

Mr Salmon said there was no

need for further board changes following the resignations last

month of five directors, includ-

ing Sir Eric Neal, the former

However, he said the AMP

would "have something to

say" if Westpac were not mov-

ing in the right direction within six months. We can

apply a little bit of leverage. We have a fair shareholding. I

think we would get a lot of

Westpac shares fell to a low of A\$2.42 on the Australian

support," he said.

Reliance advances 119% at midway as sales surge

By Stefan Wagstyi in New Deihi

RELIANCE Industries, the fast-growing Indian chemicals and textiles conglomerate, yesterday reported a 119 per cent rise in net profits to Rs1.82bn (\$64m), for the six months to September, from Rs831m a year earlier, due to a sharp increase in sales and a substantial increase in earnings from

financial investments. Reliance, which this year became the first Indian company to raise equity in interna-tional markets through the issue of global depository receipts, reported a 26 per cent advance in sales to Rs13.48bn,

excluding inter-group transactions, from Rs10.66bn. Profits But it had not ye from financial transactions were Rs522m, compared with none in the same period last year. Gross profits were Rs3.09bn, an increase of 73 per cent over the previous

Reliance expects further growth in profits in the second half of the year, as long as the government presses ahead with the deregulation of the petrochemicals industry. The group said it was suffering from the fact that the govern-ment, which is in the middle of economic reform, had cut subsidies on certain chemical feedstocks, thereby raising Reli-

But it had not yet liberalised imports of these products depriving Reliance of access to cheaper imported feedstocks. Also, the Indian industry was suffering from "large-scale dumping" and "severe unfair competition" from foreign chemicals producers who were selling their products in

However, Reliance expects the government to act soon on both these problems. The company is raising funds on the Bombay stock market for two subsidiaries

partnership with Itochu, the Japanese trading company.

Interest fall hurts Yamanouchi

By Emiko Terazono in Tokyo

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YAMANOUCHI Pharmaceutical, a leading Japanese ethical drug manufacturer, yessech injection terday revealed that non-con-solidated pre-tax profits for the first six months to September were hit by a fall in interest

²¹⁵ अवस्तिहरू Interim taxable profits fell by 4.4 per cent to Y30.24bn (\$247.86m) from Y31.62bn, on a 6.6 per cent growth in sales to Y119.87bn from Y112.42bn. Yamanouchi attributed the sales growth to a rise in demand for Gaster, its anti-ul-

Operating profits grew 3.1 per cent to Y25.61bn from Y24.85bn, while net profits fell 4.8 per cent to Y15.62bn. Profits fell because of a Y1.2bn fall in interest income. However, Yamanouchi is to increase its interim dividend by Y1 a share to Y6.50. For the full year to March, Yamanouchi expects pre-tax profits to edge up 0.7 per cent to Y61.5bn on an 8.5 per cent

rise in sales to Y245bn.

• Shionogi, another Japanese pharmaceutical company mainly engaged in antibiotics; reported an 8.1 per cent fall in pre-tax profits for the first six months to Y9.3bn from Y10.11bn, on a 2.6 per cent rise in sales to Y114.04bn. Operating profits rose 22.6 per cent to Y7.44bn from Y6.07bn, while net profits fell 16.3 per cent to Y3.94bn from Y4.71bn.

For the full year to March, Shionogi expects pre-tax profits to fall 5.6 per cent to Y18.3bn on a 3.3 per cent rise in sales to Y233bn • Tanabe Seiyaku, which mainly makes drugs for circu-

latory organs, saw a sharp rise in interim profits thanks to increased exports of Herbesser, its cardiac remedy. Pre-tax profits grew 13.2 per cent to Y7.58bn from Y6.69bn, on a 3.7 per cent sales increase to Y109.61bn from Y105.73. Net profits advanced by 7.8 per

cent to Y2.32bn from Y2.15bn. For the full year, Tanabe projects a 5.3 per cent rise in taxable profits to Y13.7bn on a 0.9 per cent rise in sales to

Daiichl Pharmaceutical, another leading Japanese ethical drugs producer, was hit by official medicine price cuts, and saw pre-tax profits for the first six months fall 7.4 per cent to Y19.1bn from Y20.63bn on a 7.5 per cent rise in sales to Y101.94bn from Y94.85bn. Net profits fell 7 per cent to Y9.09bn from Y9.78bn.

Stock Exchange after Mr Salmon's comments, but recovered to close at A\$2.50, down one cent on the day. The shares fell 24 cents to a nineyear low of A\$2.51 on Friday, nomic growth is slowing. The following the announcement company said the high burden of an unexpected A\$115m of fixed costs from its moderni-(US\$80m) tax charge in the US. The US tax problem followed

a failed A\$1.2bn rights issue and a disastrous first half, in which the bank incurred a pretax loss of A\$2.2bn after writing off A\$2.65bn against bad debts.

Aiwa down 52% automation systems-dropped as consumption by 20.4 per cent to Y11bn. Omron said it expected to stays flat report a 48 per cent drop in

AIWA, the audio equipment producer affiliated to Sony, has confirmed the flat state of consumer markets in Japan and overseas by reporting a 52 per cent fall in first-half taxable profits to Y1.15bn (\$9.3m).

Aiwa, which exports about 80 per cent of its production, has been hit particularly by a slowdown in overseas markets. Turnover in the six months to the end of September was 2.5 per cent higher than last year at Y77bn.

Investment downturn hits Omron

By Charles Leadbeate

OMRON, a leading Japanese electronic systems manufacturer, vesterday blamed a virtual freeze on investment hy Japanese companies for an 80 per cent drop in pre-tax profits for the first half of its financial

Omron said the sharp downturn in the Japanese economy over the past six months had created a drastic situation, with industrial investment grinding to a halt after the

while net profits fell to

The bank gave no reasons for the sharp fall in profits but

M\$22.74m from M\$83.77m.

women's hosiery.

Omron, which makes fac-tory, traffic and office computer control systems, reported an 80.2 per cent drop in net profits to Y1.28bn (\$10.4m) in the six months to September from Y6.47bn in the same period a year earlier. Turnover fell by 10.8 per cent to Y169.7bn from Y190.4bn.

Omron is suffering from the same pressures that are hitting many Japanese manufacturers. Its heavy investment programme in the late 1980s, when Japanese demand was growing rapidly, has left it carrying

of Carrian Group to which the

SAVIO SPA

Savio S.p.A. ("Savio"), based in Pordenone, Italy, with a fully paid-up share capital of Lire 90 billion, entered in the Companies Register in the Tribunal of Pordenone n. 8739,

intends to receive and evaluate offers for the acquisition, by a single party, of a controlling shareholding in MATEC S.r.l. MATEC is a new company, currently being constituted which

will contain the hosiery machine division of Savio, based in Scandicci (Florence), whose products are sold under the trademark "MATEC".

The Scandicci factory manufactures and sells machines for

the production of men's, women's and children's socks and

In 1991 the Scandicci factory generated a turnover of

about Lire 97 billion and currently has a workforce of

Those who are interested in participating in the offering programme must be limited liability companies, with a minimum shareholders' funds of Lire 5 billion. The interested parties are requested to sign a confidentiality agreement and furnish to M&A Società di Mergers & Acquisitions SpA a copy

of their annual report and accounts for the last three years, a description of their activities and an indication of the industrial

objectives of the potential acquisition. Intermediaries of any kind are required to declare the identity of their principals.

The information on the division and a copy of the offer-

ing programme procedures will be available as from

M&A Società di Mergers & Acquisitions SpA (Wholly-owned subsidiary of Swiss Bank Corporation)
Via Manzoni, 43

20121 Milan, Italy

Attn: Glovanni Orlando - Jonathan Gibson -

Fabio Palumbo

Tel: (Inti) 39-2-29002089 - Fax: (Inti) 39-2-6599217.

Swiss Bank Corporation

Schweizerischer Bankverein

sation programme had left its profit margins vulnerable to a fall in turnover. Sales of its main products

control components and production systems mainly for fac-tories - fell by 11 per cent to Y112bn. Sales of traffic control systems were 28 per cent down at Y4.4bn, while sales of office

full-year net profits to Y7bn.

Malaysian bank's profits fall 57% BANK Bumiputra Malaysia said that in May 1991 a court (BBMB), the state-owned institution, yesterday reported a 57 per cent fall in pre-tax profits to M\$42.44m (US\$16.97m) for the year to March 31 Perster. BBMB's performance com-

une year to March 31, Reuter reports from Kuala Lumpur.
Total income rose to M\$656.77m from M\$825.86m while net profite fell transport to the contract of the to the government, analysts On Saturday, Mr Anwar Ibrahim, finance minister, announced that Mr Hanafish BBMB still faces a lawsuit in the US over the Hong Kong debacle involving the collapse Hussein, BBMB chairman, and Mr Jaafar Ahmad, executive

director, were retiring.

pared with record profits by

other local banks is a big blow

SAVIO SPA

Savio S.p.A. ("Savio"), based in Pordenone, Italy, with a fully Savio S.p.A. ("Savio"), based in Pordenone, Italy, with a fully paid-up share capital of Lire 90 billion, entered in the Companies Register in the Tribunal of Pordenone n. 8739, intends to receive and evaluate offers for the acquisition, by a single party, of a controlling shareholding in COGNETEX S.r.I. COGNETEX is a new company, currently being constituted which will contain, in whole or in part, the wool spinning preparation and wool spinning machine division of Savio, based in Imola (Bologna) and Genoa, whose products are sold under the trademarks "COGNETEX", "COGNESINT" and "SAN GIORGIO". SINT" and "SAN GIORGIO".

The Imola factory manufactures and sells machines for wool spinning preparation, wool and cotton spinning and continuous synthetic yarn production. Some parts of the wool and cotton spinning machines are made in Genoa.

in 1991 the imola factory generated a turnover of about Lire 104 billion and currently has a workforce of 412 employees, Genoe has a workforce of 153 employees.

Those who are interested in participating in the offering programme must be limited liability companies, with a minimum shareholders' funds of Lire 5 billion. The interested parties are requested to sign a confidentiality agreement and turnish to M&A Società di Mergers & Acquisitions SpA a copy of their annual report and accounts for the last three years, a description of their activities and an indication of the industrial objectives of the potential acquisition. Intermediaries of any kind are required to declare the identity of their principals.

The information on the division and a copy of the offering programme procedures will be available as from 10 November 1992 from:

M&A Società di Mergers & Acquisitions SpA (Wholly-owned subsidiary of Swiss Bank Corporation) Via Manzoni, 43 20121 Milan, Italy Attn: Glovanni Orlando - Jonathan Gibson -Fabio Palumbo Tel: (Intl) 39-2-29002089 - Fax: (Intl) 39-2-6599217.

♦₫ ♦ Swiss Bank Corporation Schweizerischer Bankverein Société de Banque Suisse

Società di Banca Svizzera

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Europe fuels Hyundai's strategy

A US sales slump has forced a shift in focus, reports John Burton.

YUNDAI Motor, South Korea's largest vehicle L manufacturer, is shifting gear in its export strategy. Europe could become the company's biggest foreign mar-SENIOR management of ket this year, providing new momentum for export growth Westpac, the troubled Australian bank, was yesterday given after sales slumped dramatic-

a year to solve the bank's ally in the US. US sales fuelled Hyundai Motor's rapid growth during the 1980s, with more Mr Ian Salmon, managing Americans than South Koreans buying Hyundai cars.

But US demand suddenly weakened in 1989 due to the economic downturn. Production problems at Hyundai's Korean plants, and labour strife, led to a temporary deterioration in quality and growing consumer complaints. Hyundai's exports, which then accounted for almost two thirds of production, halved to 200.000 vehicles in 1989.

months or I guess the board will decide they can't do it and make some alternative arrangements," he said. The AMP is Westpac's big-In an attempt to revive exports, Hyundai quickly turned its attention to Europe and has expanded considerably its distribution network there during the past three years. The number of European

countries where Hyundai cars are sold has increased from four in 1988 to 25, with France last month becoming the most recently opened market.

Sales in Europe this year surpassed those in the US for the first time, with 78,571 vehicles sold in Europe during the first nine months against 61.235 cars in the US. Germany, which Hyundai entered only last year, is already its second

largest national market overseas, after the US. Mr Kim Nae-Myoung, Hyundai Motor's export marketing director, says: "In spite of the recession . . . we have continued to grow due to our status as a relative newcomer and

The depreciation of the Korean won against the Japanese yen and other leading currencies has helped. But Hyundai is also accepting profit margins in Europe that are even lower than in the highly competitive South Korean market, according to Mr Kim.

because our prices are competi-

Analysts say Hyundai has little choice but to increase exports at almost any price, because it needs to reduce a growing inventory of vehicles. This reflects slower growth in the domestic market, which now accounts for 55 per cent of Hyundai's sales. The Korean government recently raised vehicle taxes, already among the highest in the world, to curb car ownership and alleviate growing traffic congestion. South Korea is now the world's eighth biggest car market.

The introduction of the car taxes came at an awkward time for Hyundai and other Korean motor manufacturers since they recently expanded production facilities and are launching several new models. Hyundai's annual production

capacity is 900,000 vehicles. Hyundai hopes to increase exports to almost 300,000 cars this year from 229,000 in 1991

as sales more than double in Europe and it develops other markets, including Latin America, south-east Asia and. the Middle East.

The strong export growth is predicted to raise Hyundai sales to Won6,500bn (\$8.31bn) this year from Won5,652bn in 1991. Earnings are also expected to grow to Won65bn from Won54bn a year ago, although this mainly reflects improved productivity in its factories.

Hyundai accounts for almost half of domestic motor vehicle sales and two thirds of Korean car exports.

It has established a firm foothold in Europe ahead of its main domestic competitors, Kia Motors and Daewoo Motor. owing to its ability to freely

il three Korean motor manufacturers have licensed technology from foreign car companies. accept restrictions on overseas sales in their technology agreements, while Hyundai's Japanese partner Mitsubishi permitted export rights.

Daewoo recently broke its joint venture ties with General Motors of the US in order to pursue overseas sales, while Kia is now planning to set up sales networks in the US and Europe as it independently develops new car models. Mr Řím believes Hyundai so far does not face much of a protectionist threat in Europe. "We have taken advantage of

ond biggest in Korea after Samsung Electronics, the country's main semiconductor pro

Hyundai last vear became the first Korean vehicle manufacturer to completely develop a car engine and it plans to equip some of its vehicles with fuel-saving "lean-burn engines" beginning in 1994. The development of key motor components will also enable Hyundai to reduce its dependence on foreign suppliers and cut high royalty payments to

October 28, 1992

NEW ISSUE

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\$316,250,000

Philippine Long Distance Telephone Company

12,650,000 Global Depositary Shares Each Representing One Share of Series II Convertible Preferred Stock

> Global coordinator of the offerings **CS First Boston Group**

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Paribas Capital Markets Group

Robert Fleming & Co. Limited

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Lehman Brothers

Salomon Brothers Inc

BT Securities Corporation

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INTERNATIONAL COMPANIES AND FINANCE

Du Pont agrees to sell connectors unit for \$400m

By Alan Friedman in New York

DU PONT, the leading US chemicals group that is engaged in a far-ranging restructuring programme, has agreed to sell its electronic connectors division for \$400m to Hicks, Muse & Company, a Dallas-based leveraged buyout specialist.

Du Pont said last May it planned to dispose of the unit, which employs about 3,000 peo-ple. The division has annual revenues of about \$450m.

In August Du Pont said it would reorganise its electronics division, which will have annual revenues of about \$800m after the sale of the connectors business is completed. Mr Chad Holliday, president of Du Pont's Asia Pacific operations, will take over responsibility for the electronics division, which includes printed circuit materials and semiconductor materials.

The purchase by Hicks, Muse includes \$25m of senior preferred stock in the acquired

Investing with Hicks, Muse is Mills & Partners of St. Louis, a company that also specialises in acquiring industrial businesses. The deal is expected to be closed before the year-end.

The new company will be called Berg Electronics. Mr Norris Tolson, vice-president and general manager of Du Pont's connectors business, will become its president and chief operating officer and will receive an equity stake.

of Hicks, Muse, said the connector business had a consist ent record of operating profit-ability and a strong niche-market position.

The division's 3,000 employees are spread equally among the Americas, Europe and the Asia Pacific region. Du Pont first entered the connector manufacturing sector in 1972.

Resilient economy helps **EVN climb to Sch181m**

By Jan Rodger in Vienna

ENERGIE-Versorgung Niedersterreich (EVN), the Austrian electricity and gas utility, reported a 5.9 per cent rise in net profit to Sch181m (\$16.2m) for the year to end-August, thanks mainly to the resilience of the Austrian econ-

EVN, which operates in the province of Lower Austria surrounding Vienna, said revenues rose 6.1 per cent to Sch9.85bn and operating profit gained 13.2 per cent to

28 meters, with two shoots.

Training Center.

Sch677m. Pre-tax profits were Sch712m, up 0.7 per cent.

"Even in these difficult times of global economic slowdown, our company's performance was satisfactory," Mr Rudolf Gruber, chairman, said. The directors have recommended a 5.6 per cent rise in the dividend to Sch19 per share.

Revenues from electricity rose 10.2 per cent to Sch6.7bn but gas revenues eased 3.5 per cent to Sch2.8bn. Demand from gas-fired power stations declined because hydro stations were more productive.

the registry of interested parties in the privatization process of its facilities.

contains a green zone which is equipped with automatic sprinklers.

A) Expressions of interest must include the following information:

C) Certify to have no liabilities with the Republic of Venezuela.

years, duly audited by certified public accountants.

week, betting an average of US\$2,700,000.00.

Presidential Tribune of La Rinconada.

sheet and resume.

which are currently operating.

operation, over US\$10,000,000.00.

lift Dillard to \$44m in third period

DILLARD Department Stores, the Arkansas-based retailer, yesterday reported solid prog-ress in the third quarter of 1992, with after-tax profits increasing from \$39m to

Sales rose from \$954.9m in the same period of 1991, to \$1.16bn, with the number of stores increasing to 220. The third-quarter perfor-

against \$112m in the first Mr Thomas Hicks, chairman three quarters of 1991.

other property-related charges. This led May to report a \$190m deficit after-tax in the

three months, against a \$91m profit in the same period of 1991. Sales were modestly higher at \$2.67bn, against

May has made after-tax profits of \$284m in the nine months to end-October, against \$249m in the same period a year ago. May said in the nine-month figures the third quarter one-off charge was offset by a similar non-re-

 FRUIT of the Loom has registered with the Securities and Exchange Commission for an offering of 700,000 Class A shares. The shares will be sold by Fruit of the Loom's chairman Mr William Farley and Farley Inc and is part of Farlev's bankruptcy reorganisa-

PRIVATIZATION PROCESS

LA RINCONADA HORSERACING TRACK

HORSERACING TRACK OPERATORS

AND RELATED BUSINESSES

The Venezuelan Investment Fund (FIV) and the National Horseracing Institute, in accordance with the

contents of the trust agreement signed between both parties, on August 27, 1991, hereby announces to

national and foreign business groups involved in horseracing and recreational actitives the opening of

LA RINCONADA HORSERACING TRACK

La Rinconada Horseracing Track is located in Caracas, at the Complejo La Rinconada, on 518 hectares,

approximately, with Softball and Baseball stadiums, Gym, Pool, Bowling, a Museum and the Poliedro de Caracas (an entertainment civic center). La Rinconada has an installed capacity of 12,500 people comfortably seated, distributed in three (3) different grade buildings, which have 303 ticket machines.

La Rinconada has a principal track with a length of 1,800 meters in oval shape, with an average width of

The track is made with a mix of river and canter sand, which requires minimum maintenance. The internal track has a length of 1,707 meters in oval shape, with an average width of 20 meters, and

The Training Center is next to the track. Has 1,800 boxes, distributed in lots of 50 boxes, each one of them

containing one room, an office, silo and a pharmacy. There is one Veterlaary Center in the Training Center, with a surgery pavillon, and convalescence boxes (12). Paved roads ensure access to the entire

Approximately, 24 horse races take place weekly. On average, La Rinconada receives 28,000 fans every

1) Business groups are invited to present written expression of interest by December 12, 1992, at the

A.1) In the case of a firm or a consortium: Copy of the By laws or partnership agreement, with its

A.2) Persons: Name, surname, profession, address, nationality, duly certified personal balance

A) Provide evidence of experience over four years and strengths in horseracing activities and/or experience linked to massive gaming systems, from over four years managing such facilities,

B) Provide evidence of financial strength, with individual or common net worth according to such

III) The Venezuelan investment Fund will review all the documentation and credentials received and will announce the results of the prequalification process in due course in the international and local

print media. The prequalified business groups will be informed of the necessary procedures to follow

II) To be part of the registry, interested parties should comply with the following requirements:

amendments; the company's annual reports and financial statements for the last three (3)

Strong sales | Computer rivals unveil new ranges

Louise Kehoe examines US advances in microprocessor technology

IGITAL Equipment (DEC), the troubled US minicomputer manufacturer, today opens a critical campaign to regain sales momentum and profitability with the launch of a range of computers based on the controversial "Alpha" technol-

It hopes to leapfrog its principal competitors, including Sun Microsystems and Hewlett-Packard, with a range of seven computers from a \$15,000 workstation a multi-processor mainframe-class system.

The new Alpha chip -which processes information 64 bits at a time similar to a supercomputer – is likely to make Digital the front runner. But SUN and Hewlett-Packard are jostling to upstage DEC and one another as they also today unveil powerful computers based upon the new generation of high-performance reduced instruction set computing

Washington with Mr George

Speaking informally to

reporters as she left a meeting

in Washington, she said she would leave her post as CFTC

chairwoman in January and

News of her departure, coming less than a week after

Mr Bush's defeat at the polls,

caught the futures industry

retire from government.

Bush in January.

fondo de inversiones de venezuela

which Alpha is currently the most powerful example. The price of the products the

three companies are launching today range from under \$5,000 to well over \$150,000 and span desktop PCs through to data-centre mainframes. Risc chips made their commercial debut in the

Unlike earlier "complex instruction set" microprocessors, they process a limited number of simple instructions very rapidly. These devices have be-

come the critical component in an industry-wide computer-power battle, challenging the role of conventional microprocessors in the PC market and traditional computer architectures minicomputers mainframes

Computer workstations will be centre stage in today's

(Risc) microprocessor chips of and Digital battle for a larger share of the \$10bn workstation market, one of the fastest growing sectors of the computer market.

Originally used primarily for engineering and technical applications, workstations are invading the office where they become powerful desktop computers

H-P, which pioneered the us of Risc microprocessors in mid-range computers, will unveil a new range of workstations that double the speed of its current models. Digital has to build a base of software applications to take

nitially, Alpha workstations will be aimed primarily at software developers. By next March, the

full advantage of the new

company predicts there will be "several hundred" applications designed to run on the Alpha Sun will today unveil what it

Securities and Exchange Commission, the US securities

watchdog, which was bidding

claims is "the world's least expensive colour Risc workstation", a desktop computer that will sell in the US for \$4,295 and outperform similarly priced personal

> Sun's new Spare Classic also sets a target for Apple Computer's next generation of personal computers based upon IBM's PC Power Risc

Sun will launch its most powerful computer to date -- a mainframe-class system for data centre applications that will eventually incorporate up to 20 processor modules working together, and from April, Sun will ship systems

with up to eight modul H-P aims to maintain its performance advantage over competitors with a range of systems based on a new version of its Risc technology that set processing speed records while maintaining software compatibility with

she would have been ready to

leave the CFTC even if Mr

Mr John Damgard, head of

the Futures Industry

Washington-based futures

industry lobbying group, said:

"Mrs Gramm has been an excellent chairman of the

CFTC. She has steadfastly and

consistently advocated free

and open markets and

encouraged competition."
Several names for possible

successors have recently

visited Washington, including

at least two Democratic

congressmen and a leading

Association.

on the Tokyo stock market yesterday, following an allegation that it had presented investors with false information concerning clinical tests of its HIV vaccine. Shares in TSD, which are traded on over the counter market, were suspended on Friday by

the Japan Securities Dealers Association after reports Association after reports
alleging that TSD was
misinforming investors.
On the OTC market
yesterday. TSD shares did not trade due to the lack of buyers, and closed at an offered price

TSD shares

suspended

data claim

By Emiko Terazono in Tokyo

TSD, a Japanese biotechnology

and computer software

company, triggered a plunge in

biotechnology-related stocks

on false

of Y2,320, down by a daily limit of Y400 from Thursday's In August last year, TSD announced that clinical tests for its anti-HIV vaccine. co-developed with a professor of Yokohama City University, had begun in a Thai hos-pital on HIV positive

patients. TSD's stock surged, rising to a high of Y3,650 in September 1991 from a year's low of Y730

posted in April.

The rise in TSD's share price prompted a bulk of its convertible bonds worth SFr45m (\$32.1m), issued in 1990, to be converted into

equity. Mr Tsutomu Matsuzaki, president of TSD, last Friday admitted that the company had yet to start the clinical tests since full approval from the Thai government had not yet been obtained.

However, he denied allegations of giving false information to raise TSD's

stock price.
After the market closed yesterday. Mr Matsuzaki announced the Thai Public Health Ministry had approved clinical tests of TSD's vaccine. and the company was waiting for approval by the National Aids Committee. The Aids theme was sparked

by revelations last year that Meiji Milk Products, a dairy producer, had discovered a substance seemingly capable of killing the HIV virus inside the

Since then, brokers looking for a theme to drive up the market, embraced shares of companies which announced research for Aids cures.

Mr David Goldstein, who is the head of the clinical trials unit of the Australian National Centre in HIV Epidemiology and Clinical Research, said that clinical tests of Aids cures could take more than three to four years, until effectiveness is proven, while commercialisation of a cure may take even longer.

By Nikki Tait in New York

\$44.4m after tax.

mance means the department store group has posted after-tax profits of \$126m for the first nine months of the year,

But St Louis-based May Department Stores plunged into the red in the third quarter, after it took a \$298m extraordinary charge to cover planned store closings and consolidations and several

curring gain, taken in the second quarter.

the Budget office of the Reagan White House, and found herself By Laurie Morse in Chicago unawares, but is not surprising. A loyal appointee of Mr Bush and wife of a MRS Wendy Gramm, head of the Commodity Futures defending her agency and the powerful Republican Senator futures industry from the Trading Commission (CFTC). from Texas, Mr Phil Gramm, fall-out from the October 1987 the US agency that oversees the burgeoning US futures and stock market crash. Mrs Gramm found herself politically mispositioned and Nearly her entire tenure at options markets, said yesterday she would join the flood of US officials departing the CFTC was spent defending the agency in a battle with the

philosophically at odds with

the incoming administration of Mr Bill Clinton. Mrs Gramm, while likely to lose her position as chairwoman under Mr Clinton, had the option of continuing on as a CFTC commissioner until April 1995. Her departure will give Mr Clinton the opportunity to appoint three of

Marconi forms

sales link with

MARCONI Instruments, a

member of the UK-based GEC group, has established a strategic alliance with EIP Micro-

wave of the US, a leader in the

design and manufacture of

microwave measuring equip-

ment, writes Alan Cane.

US company

for futures oversight, and with obtaining landmark legislation defining the CFTC's powers.
She successfully shepherded the CFTC reauthorisation bill through Congress in early the agency's five commiss-September. Futures industry ioners early in his term. officials believe this will She was appointed to the post in 1988 after working in

Wendy Gramm to quit as head of CFTC

complete her legislative Democratic staffer at the mission complete, and means **Storage Technology shares**

By Louise Kehoe

third time announced delays in the development of its much-

Marconi will assume responage system. sibility for worldwide sales and support of BIP microwave counters in some 100 countries outside North America from December 1. The alliance will at midday.

take effect in the UK from April next year.
The deal will broaden Marconi's catalogue of microwave ment and the company is predicting a \$4m increase in annual sales. Marconi already markets integrated microwave test sets, power meters and

a great fanfare last January as a technology breakthrough that would provide a fail-safe data storage system for main-frame computers. It is based upon the concept of linking an array of disk drives and duplicating data so that if one drive fails another will take over. StorageTek said it continued

about the prospects for the system. "Disk arrays are growing sident and chief executive. We continue to see Iceberg as

tumble on system delay

STORAGE Technology's stock was down sharply yesterday when the company for the anticipated Iceberg data stor-

The stock suffered a 30 per cent fall to open at \$22% on Monday, down from a \$31% close on Friday. In heavy trading it rallied slightly to \$23%

The company said it expec-ted testing of Iceberg to extend into the second half of 1993 and was planning on only "limited revenue contribution from the product for the year". Originally, Iceberg installations had been expected to begin in the

second quarter of 1992. Iceberg was announced with to encounter delays due to the complexity of integrating the

software and hardware of the Iceberg system.
However, it is optimistic

in importance at every level of computing," said Mr Ryal Poppa, StorageTek chairman, defining the best of class and as providing unique capabilities that will prove difficult for others to replicate."

spectrum analysts.

These Bonds having been sold.



DM 250,000,000

7³/₄% Deutsche Mark Bearer Bonds of 1992/1997

COMMERZBANK AKTIENGESELLSCHAFT

BANQUE BRUXELLES

ABN AMRO BANK (DEUTSCHLAND) AG

DEUTSCHE BANK

BAYERISCHE LANDESBANK GIROZENTRALE

CAISSE DES DEPOTS ET CONSIGNATIONS GMBH

AKTIENGESELLSCHAFT HELABA FRANKFURT

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For additional Information, contact the Coordination for Privatisation of "Instituto Nacional de Hipodromos", Gerencia de Privatización del Fondo de Inversiones de Venezuela, Esquina de Mijares, Torre Banco Lara, piso 6, Caracas - Venezuela. Telephones: 806.58.99 - 806.59.75 - 806.59.71 806,59,05. Fox No. 83.91.69. Telex FIVEN 22890 - 26529.

and operation of the track conditions to meet in the subsequent Privatization Process.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

New reinsurance venture aims to fill catastrophe gap

By Richard Lapper

INTERNATIONAL investors are financing a \$350m Bermuda-based venture which aims to take advantage of new opportunities in the catastrophe reinsurance market.

The Mid Ocean Reinsurance Company, sponsored by Marsh & McLennan, the insurance brokers, and J.P. Morgan, the US bank, begins underwriting next week.

The new company will work with international brokers to support risks lead by underwriters in the London market. particularly at Lloyd's, where capacity has been dented fol-lowing a run of heavy losses.

Mr lan Heap, Mid Ocean's president and chief executive, said the company had been set up "because the broker market for reinsurance was diminishing. The demand for the prod-uct was exceeding supply."

A number of reinsurers have withdrawn from the market and rates are rising, he added.
Mid Ocean will initially underwrite up to £10m (\$15.50m) per risk, taking 'lines" (or shares) of up to 10 per cent of reinsurance programmes. Mr Charles Skey, Mid Ocean's underwriter, has more than 30 years' experience

at Lloyd's where he was widely regarded as an expert in catas

Mid Ocean will underwrite from Bermuda but has a contact office at Lloyd's. Marsh and Morgan are each investing more than \$30m in the new company. Exel, a Ber-

muda-based insurer set up by US corporations in 1986 and formerly beaded by Mr Heap, will invest a further \$100m. Other backers include Commercial Union, the UK insurer; Mr Richard Rainwater, a Texan investor, Bishop Estate of Hawaii; and Fund American

The investors are expecting returns on capital of more than 20 per cent in the venture's initial years, according to Mr

Enterprises Holdings of New

Reinsurance premiums for catastrophe cover by UK and other European insurers rose sharply at the end of 1990 and increased again last year.

US insurers are expecting big increases following record losses after hurricanes Andrew and iniki earlier this year. Bermuda's low taxes and gentle regulatory environment

make it an attractive location for "offshore" reinsurance and captive insurance companies.

Citicorp's problems should be put into perspective, vice-chairman Dr Onno Ruding tells Robert Peston R ONNO Ruding is on a mission to explain. In his monthly trips to

Europe, he is keen to put Cititive and to point out that the European operations of the US's biggest bank are proving surprisingly resilient. The former Dutch finance

minister has for the past eight months been . Citicorp's vicechairman, with responsibility for global finance activities, which provide financial products and advice to big compa-

His appointment surprised some bankers because he is not American and has spent much of his career in government, In the early 1970s, however, he was a joint general manager of the Dutch Amsterdam-Rotterdam Bank (now part of ABN Amro) and joined its board in

In an interview with the Financial Times, his positive message was that Citicorp's commercial banking operations, which serve big companies, are continuing to increase their share of the European market, according to an authoritative survey. . The report shows the bank is strong in providing clearing services and in foreign exchange trading.

The strength of its Londonbased foreign exchange trading floor has been particularly valuable recently. The bank's most recent quarterly results included a \$171m increase in foreign exchange revenues, which Dr Ruding said was partly attributable to the increased volume of business

since Black Wednesday, Sep-tember 16, when the UK withdrew from the European exchange rate mechanism.

But Citicorp's progress in Europe has been overshadowed by its problems in the US. which stemmed from its aggressive lending policy in

In October 1991, Citicorp, whose main subsidiary is Citibank, ceased payment of its dividend for the first time in its 179-year history after an \$885m after-tax loss for the three months to 30 Sentember Its ratio of tier one or core capital to assets had slipped to 3.67 per cent, so the bank redoubled its efforts to cut costs.

There has been a recovery. In the third quarter of the current year, Citicorp announced a \$116m profit and said the tier one ratio was 4.25 per cent. However, there was no resumption of dividend payments. The losses in 1991 stemmed

largely from commercial property loans which went bad. These losses have diminished, but Citicorp has recently faced rising consumer bad debts.

Dr Ruding said write-offs of property and commercial loans would probably fall to an average quarterly rate of between \$400m and \$450m next year, compared with \$521m in the three months to 30 September. However, he added that consumer debt write-offs, which were \$860m in the quarter, would continue "at a high level", although they would probably not rise any more. He is concerned that the lending mistakes should not be

repeated. "I have spent quite



Man with a mission to accentuate the positive

Onno Ruding: long-term loans now more tightly controlled

some time since I came here on the question of how to improve credit quality," he said. "There were not enough checks and balances (against imprudent lending) in that if you had line responsibility you had a high responsibility for new credits." He said the bank had intro-

duced new limits on what managers "can decide for them-selves". The amount that a manager can lend on a short-term basis to triple-A rated companies - the most financially strong companies without getting approval from senior executives has been increased, but long-term loans and loans to low-rated companies are more tightly

corp's management committee should not "all the time give in to requests from managers [for permission to make a loan]". e is also concerned

was also important that Citi-

that Citicorp's remu-neration system encouraged managers to increase lending while not checking the quality of the loans sufficiently. "That was not good at Citicorp", be said. "It has now improved". Nonetheless, US bank regula-

tors have been taking a close interest in Citicorp. In February, the bank signed a memo-randum of understanding (MOU) with the US Federal controlled. Dr Ruding said it Reserve and the Comptroller of

the Currency agreeing that they would monitor its affairs

The MOU committed Citicorp to increase its ratio of capital to assets significantly, which Dr Ruding said the bank was planning anyway. "We want a 6 per cent tler one ratio in 1994," he said. The MOU also prevented the bank from adding to its assets without the

approval of the regulators.
"We are still in close touch with the regulators. They were understandably concerned about certain matters ... I am in full agreement myself with what they have said in the MOU," Dr Ruding said.

The need to seek approval from the regulators before adding to assets would be a constraint if Citicorp were planning "the purchase of a large organisation", he said. But, he added, such a move was not being contemplated: "We think we are big enough."

The disclosure of the regulators' close involvement in Citicorp's affairs was one rude shock for shareholders this year. The other was the resig-nation a month ago of Mr Richard Braddock, the Citicorp president who was widely viewed as a possible successor to Mr John Reed, the bank's chairman

Dr Ruding said Mr Braddock's departure should not have been a surprise. "People have not followed [our affairs] sufficiently. The cornerstone of his resignation was laid in January this year with the reorganisation of top management. which meant that few execureporting to him any more." At that time, Mr Braddock gave up responsibility for running retail banking operations to Mr Pei-yuan Chia. Mr Braddock then concentrated on cut-

ting Citicorp's costs. "His cost-cutting was completed successfully, but his previous job had been filled by Mr Pei-yuan Chia," Dr Ruding said. "You can't have two bosses [of consumer banking]."

The timing of Mr Braddock's departure was determined by Citicorp's attempts to raise \$1.1bn of capi-tal by the issue of preferred shares, or Percs, "You can't announce something like that [a resignation] during a stock issue," he said. However, Dr Ruding described Mr Braddock as "highly valuable". "I am pretty sure he will find a good iob in the US".

On the other hand, some European and US bankers profess themselves surprised Mr Reed has kept his job through Citicorp's well-publicised prob lems. But Dr Ruding uttered a stout defence of Mr Reed.

"John had and has the full support of the board including the non-executives." he said. "He has also introduced a comprehensive measures to correct and remedy a number of shortcomings.

"He took action in a very aggressive way which I think has worked well," he concluded. Citicorp's shareholders will probably only concur wholeheartedly when the bank resumes payment of its divi-

Share price slump leads Tisco to postpone issue

By Shiraz Sidhya in New Delhi

TATA Iron and Steel (Tisco), India's largest private sector company, has postponed its \$100m international equity

ssue to the middle of 1993. This follows a slide in the steel maker's shares on Indian stock exchanges last week after it announced poor half-

The company, which had been expected to lead up to 10 Indian companies seeking to raise capital via international issues, deferred its float because it feared its global depository receipts (GDRs)

12, 1997

would not fetch more than Rs80 each this month. Brokers said when the company's shares were buoyant, at around Rs400 last May, the company could have expected Rs350 per GDR. At the current estic price of Rs240 a

share, the company would have to sell its GDRs at around Tisco said it was not short of foreign exchange, and would wait until its shares recovered before going ahead with the issue. Mr Ishaat Hussain, executive director for finance, said he was confident the company would eventually secure a good price for its GDRs.

Marginal borrowers could be crowded out, says OECD By Brian Bollen

MARGINAL borrowers could be crowded out of the international capital markets by borrowing needs of sovereign and corporate issuers in OECD

The considerable sums expected to be raised over the next few months could result in a flight to quality rather than a generalised tightening of borrowing terms, suggests the OECD in its latest Finan-

cial Market Trends publication. Capital raising is still growing strongly: at \$439bn, facilities arranged over the period January-September 1992 were 16 per cent higher than over the same period in 1991.

Until early summer, the main source of borrowing was the large-scale refinancing needs of sovereign and corporate borrowers. Since then, however, the need to replenish foreign currency reserves has given renewed urgency to the

£ STG

raising of foreign capital. The demand for capital from borrowers in OECD countries was some \$50bn higher than in 1991, accounting for 88 per cent

of the total.

Demand for longer-term financing from Latin American issuers which have regained access to the private international markets is described as robust, totalling some \$15bn, but there has been a slowdown in fund-raising by Asian and Middle Eastern borrowers.

US S D-MARK YEN COUNTRY

While the equity-related bond market continued to suf-fer from the lack of investor interest in the wake of losses experienced since the middle of last year, placements of international equities grew rapidly to around \$20bn to end-Septem-

the major stock markets. The international and foreign bonds markets have reverted to a period of more sustainable expansion.

nine months of 1992 totalled \$249bn, up 9 per cent from what was already a record level. New issuing activity grew by nearly 30 per cent in

Straight bond issues are up 12 per cent year on year, notwithstanding the recent sharp fall of new issues in several European currency sectors. US dollar benefited most from the trend to reallocate firmds in favour of safe haven

KOP seeks to strengthen its capital base

KANSALLIS-Osake-Pankki. Finland's largest commercial bank, yesterday indicated it might take further measures to strengthen its capital base when it said it was seeking shareholder authorisation fo an equity or equity-related issue, writes Christopher Brown-Humes. This would enable KOP to raise up to FM743.75m (\$149.2m), or 20 per cent of its share capital.

STC CORPORATION

(Incurporated in the Republic of Korea with limited liability) US \$ 30,000,000

MOTICE OF CONVERSION PRICE ADJUSTMENT

PAN-HOLDING

As of October 31, 1992,

LUXEMBOURG

the unconsolidated net asset value was USD 274,447,134.88 i.e. USD 498.99 per share of USD 200 par value. The consolidated net asset value per share amounted as of October

31, 1992, to USD 513.91.

FT GUIDE TO WORLD CURRENCIES

New bonds issued in the first

despite the turbulence in

US \$ D-MARK YEN COUNTRY CX 1563

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Antigentini
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4,72

13.551 13.60 14.57

4 61 4.59

12.55 12.70 13.21

7.57 7.71

4.58 4.65

7.53

Gilts rise on hopes for positive Autumn Statement Accounting board

By Sara Webb in London and Patrick Herverson in New York

UK GOVERNMENT bond prices rallied across the yield curve yesterday, buoyed by hopes of a cut in the base rate and a bond-positive Autumn Statement on Thursday.

The market opened on a strong note, helped by specula-tion in the weekend press that the next cut in the base rate

GOVERNMENT BONDS

could be between 1.5 and 2 percentage points. Gilts ended between 1/2 and 1/4 of a point higher on the day in the cash market, after some profit-

Volume in the futures market was relatively low at about 19,000 contracts. The Liffe contract opened at 102.04 and reached a high of 102.12, before falling to end the day at 101.31. In the cash market, the 9 per cent gilt due 2008 climbed from 1032 to 104.00 to vield 8.58 per cent, while the 10 per cent gilt due 1994 rose from 1051 to

The strong rally enabled the

Bank of England to sell some of its latest tap stock, the 8 per cent gilt due 2009.

The Bank announced £1bn of the stock for sale on Friday afternoon and dealers estimated that more than half of the stock was sold yester-

■US TREASURY prices were mixed in directionless trading yesterday, with shorter dated securities weaker following the three-year note auction but longer dated bonds steady-to-

In late trading the benchmark 30-year government bond was up & at 94%, yielding 7.743 per cent. The two-year note was lower, however, down 1/4 at 99%, yielding 5.534 per cent. Trading throughout the day was dominated by manoeu-

yring before and after the Treasury's sale of \$15.5bn threeyear notes. Prices at the short end eased initially as some investors moved out of the three-year in an attempt to nudge the yield higher and to prepare for the new supply.

The auction subsequently proved marginally disappointing, with only lacklustre demand for the new paper. The issue was sold at an

BE	NÇ	IMAR	K Ģ	OVER	NMEN	IT BO	ONDS	5
		Coupon	Red Date	Price	Change	Yleid	Week ago	Month
AUSTRALIA		10.000	10/02	107.7254	-	8.81	8.95	8.73
BELGIUM		8.750	08/02	105.1800	0.200	7.95	8 16	8.35
ÇANADA .		8 500	04/02	103.2300	+0.350	8.01	729	7 38
DENMARK		8.000	11/00	101.5750	-0.220	8 67	8.90	9.50
FRANCE	BTAN	8.500 8.500	03/97 11/02	102.0198 102.7350	0.142 -0.260	7.90 8.08	8.11 8.17	8.64 8.48
GERMANY		8.000	07/02	104.7420	0.397	7.30	7.39	743

110-28 111-13 104-01 6.86 8.04 8.53 + 15/32 + 8/32 8.500 03/02 98.0300

10.300 06/02 87.6500

12,000 05/02 94,0150 0,210

4.800 05/39 101,1168 0.256 5.500 03/02 105.5784 0.513

age yield of 5.17 per cent, and the cautious tone of the sale is likely to keep prices soft ahead of the upcoming 10-year note and 30-year bond auc-

NETHERLANDS

■ JAPANESE government bond futures rallied strongly as yesterday's large fall in the stock market helped to revive hopes of an interest rate cut.
The December futures con-

dema.) Prices: US, UK in 32nds, others in decimal Technical Date/ATLAS Price Sources tract climbed to a high of 107.80, from its opening level of 107.29, with the market per-

> The Nikkei stock index ended 452.76 points - or 2.68 per cent - lower than Friday's finish at 16,417.05, on the back of poor corporate results and political worries.

forming strongly in the after-

The current political preoccupation with the Sagawa Kyu-

FT FIXED INTEREST INDICES Year Nov 9 Nov 6 Nov 5 Nov 4 Nov 3 age GILT EDGED ACTIVITY Nov 6

bin bribery scandal is delaying contract on the Matif exchange the implementation of the supplementary budget, dealers

They added that if the delays continued, the combination of the worsening economic climate and inability to move on the fiscal front could put pres-sure on the Bank of Japan to cut the official discount

In the cash market, the vield on the benchmark No 145 opened at 4.73 per cent and reached 4.64 per cent before closing at 4.65 per cent.

FRENCH government bonds slipped about a quarter of a point in the afternoon, as some US investors took profits in relatively thin trading.

ended the day at around 110.80, down from 111.04. Longer-dated bonds lost

ground, but short-dated issues remained relatively firm, deal-

■ GERMAN government bonds ended firmer after trading in a

narrow range.
The Liffe bund futures contract moved from a low of 91.46 to a high of 91.63, and ended the day at around

While 10-year bund futures ended firmer, the five-year bund contract edged lower, reflecting some profit-taking after last week's raily in the medium-dated sector. As a result the yield curve flattened

allow them to show also the amount of non-recourse

retreats over asset securitising changes

By Richard Waters and

ACCOUNTING regulators in the UK have backed down on proposed rules that could have stopped banks and companies from securitising assets. However, the proposals from

the Accounting Standards Board (ASB) still contain rules which some claim will put UK institutions at a disadvantage when trying to sell assetbacked bonds, and which could make it impossible to securitise credit card receivables.

The ASB proposed last year that all securitised assets where a bank or other entity passes assets to a special purpose vehicle, which then issues bonds against them - should remain on the originator's balance sheet, removing a significant attraction of such

The proposal caused particular problems for banks, since under EC rules they are assessed for capital adequacy purposes on all the assets that appear on their balance sheets. Yesterday, the ASB announced a change which,

while still requiring companies to record securitised assets on their balance sheets, would

finance linked to the assets This would leave them with a net asset figure reflecting only the residual risk left with the company from a securitisation. The ASB said it had received 60 submissions from interested parties, which had indicated strong views both for and

Barclays and National Westminster, whose securitisation plans had been thrown into doubt by the original ASB proposal, welcomed the change. Mr Malcolm Veale, head of securitisation at NatWest, said

against its first proposal.

that the new approach would also make it easier for listed companies which have considered securitising their assets but been put off by the accounting treatment.

However, the ASB's proposal would still require most issuers to show 10 per cent of the value as net assets on their balance sheets. This reflects the option that issuers usually retain to buy back the bonds when the amount outstanding shrinks to less than 10 per cent of the amount first issued. thereby reducing their administration costs. Also, the proposals for the way bonds backed by credit card receivables should be repaid will make it more cumbersome to

Judgment reserved on planned Finnish \$1bn issue

THE trick is picking the right moment. That is the message to the Republic of Finland from bankers digesting the announcement of its proposed \$1bn global bond issue.

Full judgment will be reserved until details are set-tled, but the degree of shoulder

INTERNATIONAL **BONDS**

shrugging could be taken to indicate a hint of sovereign fatigue in a market which has been awash with actual and rumoured jumbo sovereign

borrowings. The news that Finland plans to issue a minimum \$1bn of global bonds for distribution in Europe, Asia and north America at least removed some

Finland has a heavy borrowing programme and is eager to diversify its borrowing base.

A global dollar issue is seen as a good way of accessing the US domestic market in what should be its last major exter-

nal financing of the year. Details of the exact amount scheduling and maturities of the notes to be issued remain to be settled in discussions with the banks which won the mandate, Merrill Lynch, J.P. Morgan Securities and Nomura International.

Late yesterday, bankers were placing their bets on five-year paper offering 75 to 80 basis points over comparable US

This is being hailed as the first sovereign global issue in a sector largely dominated by the World Bank and Canadian provincial borrowers. It is also Finland's first issue targeted at the US since it launched its last Yankee bond issue in March 1988.

Mr Veikko Kantola, Finland's director of finance, who was involved in the World

N	EW INTE	RNATIC	NAL	BOND	ISSU	ES
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-MARKS iter-American Dev.Bank	500	7.5	102	2002	14/14%	Deutsche Bank
TERLING eeds Permanent Bidg.Soc.	100	7.5	100.74	1997	17/1.55%	SG Warburg Secs.
RENCH FRANCS NP(b)	fbn	8.625	102.265	1997	1%/1.575%	6BNP Cap.Mics.
UILDERS bdlj Nationaal First Capital	200	8	101.26	2002	1/5%	SBC Nederland
WISS FRANCS						

member of its board, says he has since closely followed the experiences of other borrowers in this market. He says: "The results have

been favourable for the borrower and also for the investor who has an issue that is liquid and movable between the

land's director of finance, who
was involved in the World
Bank's first global issue as a single global issue will work

international markets."

Mr Kantola believes that a
Bespite this year's borrowing activity, Finland's debt burden

out cheaper in terms of all-in costs than two separate smaller Euro and Yankee bonds. This is the first time Finland has announced its borrowing plans in advance, says Mr Kantola, "When the deal is more sizeable it gives the market more time to swallow the

Final terms and non-callable unless stated, **APrivate placement. #Floating rate note. a) Coupon payable semi-annually. b) Fungible with FFr1.5bn issue igunched on 22/10/92. c) Coupon pays 35bp over 6-month Libor.

is still, he argues, relatively light. It is now approaching 30 per cent of gross national product compared with just un 20 per cent at the start of the year, and Mr Kantola expects it to peak at just over 40 per cent. Next year's borrowing requirement will be broadly similar to this year's at around Despite this year's borrowing \$12bn to \$14bn, to be split approximately equally between

foreign and domestic borrow-

ing.
Meanwhile, French francs saw another issue launched to tap international demand for the currency. The FFribn five-year bond from Banque Nationale de Paris was said to be fairly priced at 50 basis points over the comparable OAT. The issue is fungible with BNP's recent FFr1.5bn issue.

Deutsche Bank, which led the Inter-American Development Bank's latest D-Mark offering, said that at DM500m the 10-year bond was small enough to launch using the traditional German structure rather the fixed-price reoffer

Bankers claiming that there is now potentially strong demand for sterling assets noted that the £100m five-year issue from Leeds Permanent **Building Society suffered in** comparison with last Friday's £200m bond from Halifax Building Society on credit

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Midland pulls out of sterling CP market

By Richard Waters

MIDLAND Bank yesterday pulled out of the sterling commercial paper (CP) market. signalling further concentration in a market already dominated by its rivals BZW and National

"We've had a thorough review of this area and concluded that we can't generate a sufficient return out of it to make it worth carrying on," Midland said.

The bank began dealing when the sterling commercial paper market opened in 1986, and had become the third most active bank in the area.

However, the sector has never developed as strongly as some other areas of the Euro-CP market, leading to a succession of withdrawals including those of S. G. Warburg and Kleinwort Benson, the UK merchant banks - in recent years.

This year, the amount of paper outstanding in the market has remained generally flat, at between £4.1bn and £4.8bn (\$6.35bn-\$7.44bn).

Mr David Knight, head of CP at BZW, said Midland's withdrawal would not undermine the sterling CP market. "We're still very much committed to it, he said.

2.31 3.68 1.56 3.51

8.72 9.76 9.99

8.71 9.73 9.96

5 years... 5 years...

MARKET STATISTICS

RISES AND FALLS YESTERDAY

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-SE ACTUARIES INDICES

FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 330 indices and the FT-S aries industry Baskets are calculated by The International Stock Exchange to United Kingdom and Republic of Ireland Limited. The Internation & Exchange of the United Kingdom and Republic of Ireland Limited 1992. A

e FT-Actuaries All-Share Index is calculated by The Financial Times <u>Lim</u> n conjunction with the institute of Actuaries and the Faculty of Actuaries. s Financial Times Limited 1922. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Saskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Shock Exchange in conjunction with the Institute of Actuaries.

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Betterware leaps to the sing change that the sing change the s

WHILE UK shoppers remain tight-fisted in the high street, Betterware has discovered a way to unlock spending from

The door-to-door distributor of household goods more than doubled pre-tax profits from £2.81m to £6.3m, on turnover of £29.4m, in the 28 weeks to Sep-

Sales in the home shopping division went up £8.3m to £23m, with operating profit showing a sharp improvement

Mr Andrew Cohen, chief executive, said the group was filling a gap left by the hardware shops that had disappeared over recent years. Although superstores offered household goods, the items tended to get lost on their

Betterware increased its street-by-street penetration, helped by a sophisticated computerised mapping system, as its army of self-employed sales people grew from 7,000 to 9,000. Mr Cohen, whose family owns 60 per cent of the com-pany, said the average amount each customer spent at a time had increased from £7 to more

than £8, reversing a downward trend from £9 three years ago. He attributed this to a larger catalogue that improved presentation of the 411 products.

With fixed costs kept down - the company only employs 180 people directly and suppliers hold most of the stock - a good proportion of additional turnover filtered down to the bottom line. Economies of scale also assisted as the print run for catalogues rose from 9m to 13m and buying power improved for raw materials. Its recently acquired French operation, accounting for less than 2 per cent of sales, was expected to move into profit in

The group nearly doubled net cash to £8.8m during the half-year, with the help of a deferred payment for land. Interest received trebled to £301,000. It plans to invest £9m in a new distribution centre over the next two years. Betterware's other division,

a miscellany of consumer products manufacture and coffee shops suffered from recession with operating profit sliding from £302,000 to £140,000 on flat sales of £6.4m.

Earnings per share rose from 1.95p to 4.29p. The interim divi-

dend is increased from 0.34p to

• COMMENT Betterware's trend-trouncing

performance added another 4p to its share price, driving it to a new high of 172p. Its market value has multiplied more than six times in the past two years to £175m. A prospective p/e of 21, on its broker Smith New Court's full-year prognosis of £12.5m, gives the company a well-deserved premium. The momentum built up in the UK market and first fruits from France lie behind a forecast that profits will gain another third next year. Looking ahead, Mr Cohen remains eloquent on the subject of intensi-fying coverage of the UK, but diminishing returns must set in. Then success in transferring the formula abroad will be crucial and the jury has not even left the court on that one. With Betterware sporting a Cadburyesque interim state ment, complete with cash flow statement and accountants' review, it is all dressed up to face scrutiny from retail ana-

lysts as it graduates from small

company status. Potential buy-

ers should wait to see what a

fresh set of critics make of it.

Wiltshire **Brewery** By Richard Gourlay

UB Group, India's largest brewer and distillery group, has taken management control of The Wiltshire Brewery which it plans to develop into a significant UK drinks com-

control of

Wiltshire, which brews only about 3,000 barrels a year of beers like Old Grumble and Stonehenge, has paid £6.7m to expand its estate from 40 to 77 pubs after UB's refinancing. Mr Vijay Mallya, UB chairman, will become executive chairman of Wiltshire and his

family will take a 15.5 per cent interest in the group. "It is is a unique opportu-nity to get into distribution of spirit and beer products in the UK," said Mr Mallya. "UB has long talked about the globalisation of its interests in

India." As part of the deal, Bass, the UK brewery group, takes an 8.6 per cent stake through conversion of £700,000 of debt. It has also extended what Wiltshire calls a favourable new

supply agreement The new pubs are being financed partly through a £4.77m subscription of new shares, subject to clawback for existing Wiltshire shareholders, and a share placing with Mr Mallya and UB.

Of the acquired pubs, 28 come from a portfolio of foreclosed properties beid by Allied Irish Bank Properties while two are being sold by Bank of Ireland Properties. Bank of Ireland Corporate Finance is advising Wiltshire. UB currently has a limited

presence in the UK, distributing Kingfisher lager through a joint venture with Shepherd Neame.

Wiltshire will move its brewing operations from sites in Stourbridge and Tisbury and consolidate them in a premises leased from UB group near its UK headquarters in Buckingham. Consider ation for this lease is being atisfied by 1.8m shares. Mr Mallya said he plans to

increase the tenanted estate to more than 100 pubs within six "When UB started in India it

was one brewery, today it has 10; it was one distillery and now it has 26," said Mr Mallya. "The focus is not just disthe deasto ment of a drinks business." UB is India's seventh largest corporate conglomerate.

Dana Exploration

joint-venture of General Electric of the US and Britain's GEC, is to acquire Agut, a family-owned electrical control products manufacturer Dana Exploration reported based in Tarrasa-Barcelona, Spain. pre-tax losses of I£2.4m (£2.6m) against I£89,000 for Agut, which makes contractors, power elec-tronics and electrical relays used for electricity distribution, has annual sales of more than the year to end-January after \$40m (\$26m). Terms of the agreement, which is provisions of I£2.31m (I£25,000). Losses per share expected to be completed by the year end, were not disclosed. were 30.37p (1.12p).

UB takes Getting ready for take-off

B AA, the privatised airport group, is expecting to see London's Galwick airport stage a revival following the recent takeover of Dan-Air, the airport's single biggest operator, by British Airways.

Long regarded as a poor relation to Heathrow, which continues to account for about three quarters of BAA's group profits, Gatwick has suffered during the past two years not only from the recession but from the government's decision to scrap its London air traffic distribution rules, the collapse of Air Europe and now the demise of Dan-Air.

Big international airlines have taken advantage of the removal of London air traffic restrictions to transfer all or a large portion of their operations from Gatwick to Heathrow. The lack of a dense network of connecting flights has made it hard for carriers to operate a profitable scheduled network out of Gatwick. And the lingering recession has inevitably had a dampening effect on the airport's charter

But it has been the lack of a strong national carrier underpinning the airport's business which has been at the heart of Gatwick's problems. "The strong commitment of a major carrier at an airport is an incalculable advantage," said BAA.

Even after its takeover of British Caledonian five years ago, BA continued to adopt a Gatwick expects a boost from the Dan-Air deal, reports Paul Betts



Sir John Egan (left) and Brian Smith, the BAA chairman,

half-hearted approach to Gatwick, concentrating most of its efforts in developing its profitable operations out of its main Heathrow hub. But BA has now clearly indicated its intention to develop a new low-cost short-haul airline operation at Gatwick, amalgamating the former Dan-Air scheduled operations it is absorbing with

its own short-haul operations. BAA believes this new shorthaul airline subsidiary being set up by BA will give Gatwick the boost it has been seeking. Sir John Egan, BAA's chief executive said yesterday: "It is clear that over the years scheduled operators have found it difficult to operate viable

wick, but we believe that such short-haul routes are important to the successful develop-

ment of the whole airport."

The worldwide marketing strength of BA offers the best chance of fully developing the available runway and terminal capacity at the airport," he

BA's takeover of Dan-Air has

been fiercely criticised on anti-

competitive grounds by other UK independent airlines

including Virgin Atlantic, Brit-

ish Midland Airways, Air UK and Britannia. But none have the same marketing muscle required to revive Gatwick. according to BAA and many other airline industry analysts. Although BA is not taking over Dan-Air's charter business, which is being shut down, and is picking up directly only about 70 per cent of its scheduled operations, BAA expects the merger to boost in the longer term over-all traffic at Gatwick. It also believes the new BA operation will ultimately provide greater opportunities at Gatwick for airline passenger transfer busi-

Heathrow. BAA expects Dan-Air's charter services to be picked up quickly by other charter operators as was the case with Air Europe after it failed two years ago. The process is not likely to be as swift for the Dan-Air scheduled services which BA is not taking over,

ness which already accounts

for one third of total activity at

Avonmore d pulls out Foods (P market expands

By Maggle Urry

AVONMORE FOODS, the acquisitive Kilkenny-based dairy and meat products company, is buying two liquid milk businesses in the UK, for a total of £11.4m.

The acquisitions will add 17m gallons a year of liquid milk to Avonmore's sales in the UK, taking it to nearly

The companies being acquired are Churchfields Dairies, based in Salisbury, Wiltshire, for which Avon more is paying £6.13m, and Tom Parker Dairies, of Fareham, Hampshire, costing £5.25m. Avonmore plans to integrate the operations with

its existing milk busines The milk is sold both door to door and through supermarkets. Mr Pat O'Neill. managing director, said the acquisitions would "enhance

our presence with major national multiples".

Avonmore is paying £5m cash immediately with the bal-ance due by November next year. Total net assets being acquired are £3.98m. Churchfields made a pre-tax

profit of £510,000 in the nine months to March 31 this year, while Parker made £600,000 in the year to September 30 1991.

Renold returns to black with £0.8m

By Angus Foster

RENOLD, the chain and gear maker, yesterday reported a return to profit at the interim stage, but said trading conditions remained tough.

Pre-tax profits amounted to £800,000 for the six months to October 3, compared to losses of £1.3m last time. Mr John Allan, finance director, said the improvement was due to cost and efficiency gains

in the last two years. Employe

numbers have been cut by

about 20 per cent to 2,900, and

a capital expenditure programme launched in 1989 is largely complete. Turnover fell 3 per cent to £58.4m, although Mr Allan said order levels for the year to September had improved.

stock. XStock traded under Rule 535 (2).

The chain division was helped by strong automotive and transmission chain sales. Gear products were weak, despite new product launches. UK orders improved, mainly

in the chain division. The company expects volume and mar-gin improvements for UK exports following sterling's fall value. But Germany continued to weaken. Trading profits were £1.8m (£400,000 loss). Interest costs

were slightly higher at £1m (£900,000) after net borrowings increased £2m to £14,7m, giving gearing of 38 per cent. Capital expenditure, which fell from £11.6m to £5m last year, was expected to fall further to £3m this year. Earnings per share were 0.7p (losses of 2.6p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	corres - ponding dividend	for · year	Total · last year
Adam & Harveyint	5	Jan 7	5	-	11
BAAInt	6.25	Jan 25	5.75	-	14.5
Betterwarent	0.5	Jan 4	0.34*	-	1.224"
BMSS § ,,int	nil	-	. 2		4.7
Henderson Adminint	12.5	Jan 11	12.5	-	41
Prowlingint	1.7	Dec 17	1.7	-	. 5
Regent innslin	28	Jan B	1.5	2	1.5
Wardle Storeysfin	12	Jan 7	12	16	16

Henderson falls 26% to £6.5m

By Norma Cohen Investments Correspondent

HENDERSON Administration, the UK fund management group, reported a 26 per cent drop in pre-tax profits to £6.5m for the six months to Septem-

ber 30 against £8.8m. The fall reflected a further shrinkage in assets under management, a drop in interest income and a slight increase in operating margins.

The interim dividend is naintained at 12.5p. The company said the out-look for the second half of the year was "unpredictable" but

By Paul Taylor

added that longer term prospects remained good.

Mr Jeremy Edwards,

EUROLEC, the London-based European

managing director, said the company was close to finalis-ing terms for its planned acquisition of Touche Remnant, the investment trust managers, from Société Générale, the French bank.

Mr Edwards said the entire acquisition is to be financed from cash, saying talks are underway to integrate the staff of the two firms.

Henderson is reported to be paying close to £40m for Touche Remnant, to be offset by about £15m cash on Touche Remnant's balance sheet. Henderson will consider merging some of its smaller unit trusts with Touche Remnant's after the purchase and merger of

some support operations.

Eurolec purchase will strengthen

product and technology portfolio

Assets under management to September 30 eased to £7.28bn from £7.35bn at the end of March 1992, reflecting lower investment returns and the loss of two pension fund clients, Mr Edwards said.

However, he said the loss of pension fund clients over the past few years had almost ground to a halt. While investment performance for the first two quarters of 1992 had been below average, investment returns for the third quarter had been sufficient to raise performance above the market median.

Improved investment perfor mance, he added, should enable the firm to resume

The acquisition is designed to strengthen Eurolee's product and technology portfolio in the global market for electrical control products.

It will also enhance the joint venture's market position in Spain.

Mr Alan Clark, managing director, said the

acquisition represented "a significant step in Eurolec's strategy of offering customers a broad range of world-class products that control and

Eurolec, formed in 1989, has annual sales of about \$500m and operating units in France, Bel-gium, Italy, Portugal and Spain.

distribute power."

Harmony's rebels confident

REBEL SHAREHOLDERS at

The dissidents said their campaign to oust Harmony's executive directors was poosted when two companies with substantial shareholdings expressed dismay at the managing director's refusal to make a statement on the

Lever, Harmony managing director, to make a statement on the compa

26 extraordinary meeting req-uisitioned by the the rebels. Queen's Moat expressed con-

The address is Manchester.



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Caisse Française de Développement (the "Issuer")

formerly Caisse Centrale de Coopération Economique

£50,000,000 12 1/4 per cent. Guaranteed Loan Stock 2013

Guaranteed by The Republic of France

S. G. Warburg Securities announces its intention to make an offer to purchase as principal any or all of the principal amount now outstanding of the above issue. Stock purchased pursuant to the offer will be sold to the Issuer for cancellation forthwith. The offer is expected to be open from 9.00 a.m. on Wednesday, 11th November, 1992 until 3.00 p.m. on Thursday, 12th November, 1992 (in the case of holders of stock (the "Stockholders") who are members of the Central Gilts Office (the "CGO")) or

3.00 p.m. on Thursday, 19th November, 1992 (in the case of all other Stockholders). However, the offer may exceptionally be held open for holders of Stock who are members of the CGO until 3.00 p.m. on Thursday, 19th November, 1992, if, in the opinion of S.G. Warburg Securities, such a period would enable such Stockholders, who would not otherwise be able to take advantage of the offer in a shorter period, to do so. Settlement for Stock held in registered form by Stockholders who are members of CGO will occur on Monday, 16th November, 1992 and settlement in respect of all other Stock will occur on

Monday, 23rd November, 1992. The price at which Stock will be purchased will be the price at which the Stock yields a margin of 0.10 per cent, over the yield on United Kingdom 9 per cent. Treasury Stock due 2012 at 3.00 p.m. on each day that acceptances are received.

Information relating to the offer will be displayed each day on Reuters Screen Page WSPD throughout the offer period.

The Issuer has indicated to S.G. Warburg Securities that, following completion of the offer, it will not purchase or enter into arrangements with other parties to purchase any Stock prior to 19th November, 1993. The Issuer reserves the right at any time to withdraw the offer and will give notice of any such decision on Reuters and

in the Financial Times. NOTICE TO THE WARRANTHOLDERS OF

Q.P. Corporation

U.S.\$150,000,000 3.5 per cent. Bonds with Warrants 1994

Pursuant to Clause 3 of the Instrument dated 15th December,

rursuant to Clause 3 or the instrument dated 15th December, 1989 (the "Instrument") relating to the above captioned Warrant notice is hereby given as follows:

In accordance with the resolutions of the Board of Directors of the Company adopted at the meeting held on 21st October, 1982 the Company authorised a free distribution of common stock to be made to shareholders of record at 30th November, 1992 at the rate of one new share to each ten shares held.

As a result of the above distribution, the Exercise Price (as defined in the Instrument) has been adjusted pursuant to Clause 3 of the instrument as set forth below Exercise Price before adjustment:

Exercise Price after adjustment: Effective date of adjustment:

Dated: 10th November, 1992

Yen 2,031.80 Yen 1.847.10 1st December, 1992 (Japan time)

Q.P. Corporation

By: The Sumitomo Bank, Limited as Fiscal Agent

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FT SURVEYS

By Tim Burt

Harmony Leisure predicted they would take control of the loss-making pubs and restau-rants group following a heated annual meeting yesterday.

group's performance. Both Queens Moat, the hotel group which has a 14.5 per cent stake, and Southend Prop-erty Holdings which owns 4 per cent, asked Mr Stanley

The two companies urged the board to release its interim figures ahead of the November

cern that the accounts had been qualified because Barclays, Harmony's bankers, made it a condition of its facilities that Mr Lever remained on the board and that borrowings were cut.

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Registered to Empland On All Trans Department of the Comband Bases (Profession Wash Geoffall matter) 2011 (1-11- Institute) ember of the National Westminster Bank group who capital and reserves exceed £5,900,000,000

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hit by warning of dividend cut

By Andrew Taylor, Construction Correspondent

SHARES OF Prowting, the Middlesex-based builder, yesterday fell from 82p to 71p after the company warned that it planned to cut its final dividend by almost half.

The company, which builds "everywhere south of Birmingham", announced that it had made only £119,000 pre-tax profit during the six months to end-August, compared with profits of £3m last time.

A £600,000 increase in interest charges to £2.4m was only part of the reason for the set-

House sales rose during the half from 131 to 154 units but margins were under severe essure with average prices falling from £103,00 to

Losses per share of 0.3p compared with earnings last time

Mr Terry Roydon, chief exec-utive, said the company was maintaining the interim dividend at 1.7p. It was thought prudent, however, given con-tinuing difficulties in the housing market to give shareholders early warning that it proposed cutting the final from 3.3p to 1.7p, reducing the total

for the year to 3.4p (5p). Mr Roydon was more optimistic, however, that a recovery in the housing market might get underway in the New Year, led by lower interfall to 6 per cent.

Most ingredients for a recovery were in place, particularly if the government announced plans to allow local authorities to buy repossessed homes for rent, said Mr Roydon.

This would not help the group in the current financial year when it was expected that even the proposed reduced final dividend would have to be financed out of reserves.

Borrowings, which peaked in the spring at £42m, have since

fallen to £33.5m. Gearing, at 59 per cent at the end of last year, is expected to fall to about 50 per cent by the

• COMMENT

Prowting's strength is its land bank of 5,300 plots with plan-ning permission or zoned for housing, equivalent to more than 15 years' supply at current production rates. The average plot cost of £12,700 is one of the lowest in the sector. This should stand the group in good stead when the housing market ultimately recovers. However, there are less heavily borrowed builders with similar plot costs. Trading, however. remains difficult. The group will do well to break-even this year and recovery, when it occurs, is likely to be slow. A vield of almost 6.5 per cent may not be enough to attract buyers for this tightly-held

Prowting shares | Puzzled by the appliance of science

BARRING SLIPS, Morgan Crucible, the materials technology group, is to bring another company into

Morgan is about to pay \$2.3m (£1.48m) to buy assets from Frenchtown Ceramics, a subsidiary of Stackpole Corporation of Massachusetts. Frenchtown will add technology and market position to the group's US technical ceramics business, Morgan tells us. Like many of Morgan's previ-ous 25 acquisitions in the last

six years, the Stackpole purchase is destined to be less than perfectly understood. Such has been the proliferation of deals, that even diligent investors can be forgiven for losing sight of what exactly

going to do next. Mr Bruce Farmer, the gritty chief executive from Birmingham with a doctorate in material science, is the first to accept that Morgan Crucible is not the best understood com-

Morgan makes and what it is

And yet, the formula exploitation of the properties of materials in new markets and new products - has given Morgan a manufacturing position in 37 countries, sales in 83 more and one of the UK's more enviable currency profiles since the recent devaluation of sterling.

With a market capitalisation of £575m and profits - if not earnings - still growing, Morgan is also within sight of the FT-SE 100 Index. Part of Morgan's problem is that terms like "materials tech-

nology" and "application engi-neers" do little to clear

Richard Gourlay looks at Morgan Crucible's rather confusing acquisition policy and a proposed purchase that will boost the materials technology group's position in the US ceramics market

The £346m-plus spent on acquisitions has, furthermore, tended to obscure where earnings growth has been generated. Yet these acquisitions have put Morgan into a dominant position in a number of its markets.

Following a period of self-imposed abstinence from paper-Farmer had a run in with the City last year after two rights issues in 10 months - Morgan's four divisions currently look like this:

• More than half Morgan's sales come from ceramics the group of materials which include oxides of metals and demonstrate great compressive strength and hardness, or resistance to high temperatures and corrosion. Thermal ceramics, the largest division, has more than 50 per cent of the world ceramic fibre market, plus a large slice of the market for heat resistant bricks used in crucibles and refractories.

Its traditional industrial markets have, not surprisingly, been mauled by the general economic downturn as furnace utilisation has fallen. Operating profits for the full year are expected to fall 9 per cent to £21.5m from sales of £205m, according to Nikko Europe.

But Morgan has managed to limit this fall, by comparison with other producers of refactories, largely through the introduction of new applicaMorgan Crucible argues that compared with competitors like Hoechst in Worldwide sales Carton (18%) Ceramics (20%) Speciality Ceramics (33%) Technologies (29%) Worldwide sales by region & Africa (4%) Far East & Australasia (16%) Europe (26%)

tions. Ceramic fibre is now a dig way." being used as insulation in the construction industry, and has already been installed in roofs at EuroDisney.

Source: Morcen Chuchie

The most interesting development, however, is car safety air-bags - which inflate between driver or passenger and dashboard after a controlled explosion. Morgan makes the heat filters that contain the heat of the explosion. Thermal Ceramics estimates this market will be worth \$25m to it in the US by 1996.

The company is already making heat shields that cradle catalytic converters and is developing ceramic fibre-reinforced metal for stronger, lighter pistons. "This company has tended to be in heat treatment in process industries," says Mr Farmer. "Suddenly it will find itself in the auto industry in

technologies produces a vast

been minimal.

array of industrial lubricants and other aids for manufacturing processes. Newer products include solder flux removers and cleaning swabs for the computer and electronic industries, and non-slip epoxy deck coatings for oil rigs and naval Recession in the defence

Germany, Morgan's decline has

Speciality materials and

markets and in the nuclear industry has held the division back. It has also suffered from low margins at Holt Lloyd, the car care business. Morgan is talking with a potential buyer of this business. Operating profits are, nevertheless, expected to increase by 8 per cent this year to £20m largely as a result of growth in new prod-

 The carbon division's domi-nant world position in the manufacture of carbon brushes for electrical motors has been built through a network of plants internationally. The business has low margins but very high volumes - the Morganite plant in North Carolina, for example, last year made 175m brushes and 40m electri-

cal commutators. Demand for smaller horse power and consumer motors has held up, partly because of a dramatic increase in the number of motors that go into

any one automobile. And production of commutators has

taken off. Recession has, however, badly hit the company in larger brushes for rallroad and traction uses. In commutators. the group is planning a near-doubling of US capacity to take on a troubled private producer.
This is one example where organic growth is better than

acquisition," says Mr Farmer. Operating profits are likely to fall 9 per cent to £16m this year on sales marginally ahead at £120m. By comparison, Le Carbone-Lorraine, a subsidiary of Pechiney, incurred a loss at its last half-year and Mr Farmer believes Morgan has been gaining market share. Morgan divisional break-

down does not immediately suggest a bullish outlook for But for an industrial comprising resilience which Mr

pany, Morgan has shown a sur-Farmer puts down to geographical and product diversification. Much of this is the result of little understood and little noticed acquisitions which can incrementally improve market share, or capacity utilisation or competitive position.

What is more, in the short term investors do not need to look to recovery in Morgan's markets because of sterling's "We are the reverse of GM -

what is good for the UK is bad for Morgan Crucible," Mr Farmer says.

Not only will devaluation boost Morgan's translated overseas profits it will also increase competitive edge of Morgan's British production, much of which is exported.

We won't be satisfied with the service at our airports until









"STEADY CLIMB AMIDST TURBULENCE"

Interest

share (pence)

CONSOLIDATED BALANCE SHEET

current liabilities

due after one year

Liebifdes include borrowings of £859m (30 September 1981: £891m; 31 March 1992: £937m)

above. Airport investment properties are included at

CONSOLIDATED CASH FLOW STATEMENT

for the 5 months ended 30 September 1992

and servicing of finance

Net cash inflow/toutiles

cash and cash

ents in these since the year end are reflected

ets include £47.7m for Terminal 5 and

EM3

302

(14)

(85)

(72)

(146)

Share capital and reserve

2. Drivers Jonas, Chartered Surveyors, have r

as at 30 September 1992

£3.73 share

ture in the penod.

\$25.4m for Healthrow Express.

2.952

Taxation (See note 4) (55)

Net current liabilities (114)

FOR THE HALF YEAR

BAA plc RESULTS

- **✓** Group revenue £541m up 5.1%
- ✓ Pre-tax profit before exceptional items £232m up 12.6%
- ✓ Pre-tax profit after exceptional items £220m up 45.7%
- Earnings per share 32.7p up 49.3%
- **✓** Interim dividend 6.25p up 8.7%
- ✓ Passenger traffic up 10.8%
- Productivity improved by 30.3%

Notes on the profit and loss account 1. This statement has been prepared in accord the accounting policies used in the statutory financial atements for the year ended 31 March 1992.

2. The figures for the year ended 31 March 1992 are ertracts from the published accounts. A copy of the full accounts for that year, on which the Auditors have saued an unqualitied report, has been delivered to the Registrar of Companies.

3. Operating costs include £9 5m (1991: £30.5m) in respect of property write-downs and £2m (1891; £24m) for staff re-organisation costs.

4. The laxation charge for the half year ended 30 September 1992 has been based on the estimated lective rate for the full year.

5. Earnings per share have been calculated on the profit after tax for the period and the average number of chargs in Issue during the period.

flowing the draft recommendations of the Cadbury Committee, the Board has decided to publish a Balance Sheet and Cash Flow Statement with the Profit and Loss Account for the half year.

STATEMENT FROM THE CHAIRMAN PROFIT AND LOSS ACCOUNT Dr N Brian Smith CBE for the 6 months ended 30 Sept BAA's aim is to achieve excellence in the

1991 EM

514

(41)

5.75p

1991

(153)

212

541

6.25p

1992

EΜ

2,966

(851)

2,001

£3.96 £3.84

which are sale, secure, cost efficient and user friendly. The Group has a clear, well established business strategy to achieve these aims and the results in

the first half of 1992/93 confirm that our efforts are succeeding We have produced a sound and robust financial performance at a difficult time for the air transport inclustry. The outlook for the autports business remains one of long term expansion and BAA is now well positioned to benefit from an upturn in the world conomy when that occurs.

DIVIDEND

The Board has declared an interim dividend of 6.25p per ordinary share for the year to 31 March 1993 (1991: 5.75p). This will be pand on 25 January 1993 to shareholders on the register at close of business on 4 December 1992.

REVIEW BY THE CHIEF EXECUTIVE Sir John Egan FIC DL

The increase in passenger numbers, following recovery from the Gulf War. formed the basis of improved half year results. However the difficult economic climate and the tight regulatory limits placed on landing fees present a



real challenge. BAA continues to meet that challenge with a strategy which strives to continuously improve all aspects of our business; that combines efficiency with attention to customer service; high quality retailing with expert property management and world class project development. Decisive action taken last year to control costs has brought a 30%

ernent in productivity. At record passenger levels, customer service has been improved - which is a credit to all surport staff. Airport retailing continues to be a vital — and growing – part of our business including expansion at Pittsburgh, USA. The very favourable customer response to the expanding range of sirport shops has increased commercial revenue by 7% despite difficult current trading conditions which should benefit from the exchange rate re-alignment. Airport property developments are progressing well. However, the off-surport property market remains weak which is reflected in the continued necessity to make prox bions, allocit at a lower level than last year. Finally, we are starting to achieve our aim of creating world class, cost effective, airport projects. By providing new support facilities at significantly lower cost, the Group has achieved positive cash flow and has teduced its debt for the first time in many years. For 1992/93 as a whole we are expecting passenger traffic growth in the onler of 6-8%. Although the short term economic situation remains difficult to predict, we are confident that our business strategy will enable us to meet, profitably, the demands of our customers and shareholders able.



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The registrar's address is Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Telephone: 081 650 4866.

BMSS falls £16,000 into the red

The Americas (35%):

Technical ceramics offers

perhaps the best future growth prospects. The group is devel-

oping the bio-medical market

with pacemaker components

and artificial hip joints and

new applications in power gen-

However, growth from new

products is currently almost

offset by the slow-down in the

aerospace and white consumer

goods markets and demand for

traditional products like elec-

however, to increase 43 per

cent to £16.5m on sales of £165m as a result of the £35m

spent last year on two acquisi-

tions - Dulmison in Australia

and Wesgo from GTE Products.

Without these acquisitions.

profits would have fallen by 6

per cent. Again, Mr Farmer

Operating profits are likely,

trical insulators.

AN "unprecedentedly low" level of demand from the construction industry was cited as the principal cause of a fall into losses at BMSS in the six months to July 31.

The USM-quoted timber and building materials merchant reported a pre-tax deficit of £16,000, against a profit of £254,000 last time. Turnover slipped from £8.56m to £8.28m. Losses per share came out at 0.1p (2.2p earnings).

In view of the uncertain climate, the directors said, it was considered advisable to con-In light of this it had decided to pass the interim dividend -2p was paid last time.

Downturn at **Personal Assets**

Available revenue of Personal Assets Trust fell from £117,000 to £90,000 over the six months declined by £38,000 to £193,000. As already announced the interim dividend is being lifted

to 0.85p (0.75p) from earnings of 0.6p (0.78p) per share. olders are to be asked to authorise a resolution to consolidate the share capital

on the basis of one new £12.50

Amount (South African our rency)

Register of members closed from

to shareholders paid from London

Rate of non-resident shareholders' tax

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Johannesburg and London

Dividend warrants posted

Payment date of divideed

in Beckenham, Kent.

per F. D. W. PEACHEY

of the year ending 30 September 1992 as follows:

Last day to register for dividend (and for changes

Currency conversion date for sterling payments

RAND MINES LIMITED *

DIVIDEND DECLARATION

ordinary share for every 100 12.5p ordinary held.

NEWS DIGEST

Adam & Harvey declines to £2.49m

Difficult trading conditions and recession were blamed by Adam & Harvey, the international distribution and steel stockholding group, for an 18 per cent downturn to £2.49m in pre-tax profits for the six

months to September 30. The outcome, which compared with £3.03m last time, came on turnover ahead 4.4 per cent at £20.2m (£19.8m).

Earnings per share were 30p (33.4p) and the interim diviend is maintained at 5p.

Augax Properties dips to £208,000

Audax Properties produced a pre-tax profit of £208,000 in the six months to September 30, compared with £227,000.

Net revenue from properties rose from £1.03m to £1.18m. The portfolio was fully let with more than 90 per cent of income coming from blue chip tenants.

Fleming Japanese net assets decline

28 November

6 December

30 November

21 December

5 January

15 per cent

Net assets for the Fleming Japanese Investment Trust feil from 180.76p to 140.64p per share over the year to Septem-

Net revenue was halved at £426,000 (£858,000) and earnings came out at 0.36p (0.73p).
The single final dividend is cut from 0.67p to 0.35p.

Regent Inns edges ahead to £913,000

Regent Inns, which operates 36 pubs, hotels and restaurants, mainly in London and the Home Counties, lifted pre-tax profits from £886,725 to £913,212 over the 12 months to June 30. The outcome was struck after a loss of £60,841 (profits of £187,551) on disposal of fixed

Turnover was virtually unchanged at £11.9m. After a reduced tax charge, earnings per share emerged at 7.8p (6.7p). The single distribution for the year goes up 0.5p to 2p. The shares are traded on a matched bargain under Rule

British Empire Securities assets fall

British Empire Securities & General Trust reported net asset value of 60.47p basic at September 30, against 64,54p a year earlier. The fully diluted figure was 60.43p, against

Net income for the 12 months to end-September fell 8 per cent to £1.29m (£1.4m) for earnings of 0.98p (1.05p). A proposed final dividend of 0.64p makes a total of 0.89p (0.86p).

215 cents per share Holders of share warrants to bearer are notified that the dividend is payable on or after Tuesday, 5 January 1993 upon presentation of coupon No. 109. The full conditions of payment of this dividend may be inspected at or obtained from the offices of the share transfer secretaries in Johannesburg or the offices of the Umited Kingdom registrars, transfer and paying agents 9 November 1992 SECRETARIES IN THE t Corporate Services Limited 40 Hollborn Viadus London ECIP LA

لكذاصه الأعل

Second-half plastics recovery and investment benefits improve profits as sales fall

Wardle Storeys seeks buys on 13% rise

By Peggy Hollinger

WARDLE STOREYS, the cash-tich plastic fabrics and safety equipment company, yesterday labelled 1993 the "year of acquisitions" as it reported a 13 per cent advance in annual pre-tax profits to

Mr Brian Taylor, chief executive, said the company was in talks on several potential purchases, including one in the US where it has only a small pres-

Wardle, which finished the year with net cash of £34m. was aiming to make several smaller purchases in each of its main businesses, as opposed

to a single large one, he said. The pre-tax advance was struck on sales 2 per cent lower at £76.6m for the 12 months to August 31. Mr Taylor said the increase had been due to a recovery in the plastic fabrics business during the second half, and the efficiency benefits of an ongoing investment programme.

The increase had been achieved in spite of "the bizarre events which surround us", he said. A well-known ceptic when it comes to politiclans, Mr Taylor was scathing about the current direction of UK economic policy. "They are a pack of wallies," he said. "Economic policy can best be

described as a series of successive reactions to a series of successive emergencies." He admitted, however, that

the devaluation of sterling was likely to benefit Wardle in the medium term. Strongest performance came from the safety and survival

equipment division, which includes products such as parachutes and life rafts. Operating profits rose by 38 per cent to £3.8m on sales 7 per cent higher at £26m. However, the inflatables operation — espe-cially in the UK — was proving disappointing. "That is the only thing which is causing us to exercise a note of caution," Mr Taylor said.

Technical products, includ- bids for Chamberlain Phipps ing plastic fabrics for use in the automotive and baby buggy markets, increased profits by £100,000 to £2.1m, on a £3.3m drop in sales to £50.6m. The final dividend is maintained at 12p for a total of 16p

increased by 10 per cent to 25p. COMMENT

Whatever one thinks of Brian Taylor's politics - or lack of them - these commendable results have been achieved in a trying environment. The challenge now will be to find an earnings-enhancing acquisition. Mr Taylor's last two sig-nificant attempts - hostile

and Armstrong Equipment left his reputation as a dealmaker bruised and battered. It would appear the lesson has been learnt, and he is looking at friendlier deals. The possible move into the US looks inter-(16p). Earnings per share esting, given the potential for economic recovery and the company's relatively low exposure there. Forecasts of £10m, with a p/e of about 15, make the shares look fully valued in the short-term but an acquisition could make a world of difference. However, Wardle's exposure to the automotive

£32.3m acquisition of Polypal, a

market makes it a good candi-

date for recovery in the medi-

Belgian manufacturer of storage equipment. This follows shareholders approval at the EGM. Accordingly, the purchase agreement in respect of 52.7 per cent of the fully diluted equity of Polypal has become unconditional. The agreed offer will remain open for acceptance until

acquisition, closes at 3pm

Rentokil takes four interests in £10m deal

By Peter Pearse

RENTOKIL, the environmental services and property care group, has made four acquisitions - one in the US and three in the UK – for about £10m.

The biggest purchase is Creative Planting, a tropical plants services company, that supplies plants to offices covering the Washington DC and Maryland area.

The initial consideration is \$10m (£6.5m) with a further \$14m payable depending on profit levels for 1992 and 1993. In the year to June 1992, Creative Planting returned made profits of \$1.4m on turnover of \$8.7m and should boost turnover of Rentokil's existing US operations to

Mr Clive Thompson, chairman, said the acquisition made Rentokil "by far the major player" in Washington, adding be hopes to "further develop our position" there. The other three acquisitions

are: Argyll Services for £750,000. Part of Rowland Compliance Testing for £150,000 and Wessex Hygiene

lift Tomkins' stake in RHM to 22.11%

By Maggie Urry

TOMKINS, the industrial conglomerate offering £935m for Ranks Hovis McDougall in an agreed bid, yesterday bought a further 36.26m shares in the milling, baking and grocery products group, taking its stake to 22.11 per cent. It also posted its offer docu-

Further purchases

ment to RHM shareholders. The document showed that Mr Stanley Metcalfe, RHM chairman, was given a new five year contract in February this year at an annual salary of £347,000. His remuneration was shown in the previous year's accounts at £330.438.

The new contract was agreed at a time when RHM was warning that its profits would fall.

If Tomkins' bid succeeds Mr Metcalfe will stay with the group as a consultant for three months. If the remaining four years of his contract had to be bought out, it could cost Tomkins approaching £1.4m.

Mr Greg Hutchings, chief executive of Tomkins, said no discussions on compensation payments had taken place yet. He said he was busy meeting RHM and Tomkins shareholders explaining the deal. The

reaction he had received was positive, he said.

With a recommendation for Tomkins' offer and a 22 per cent stake built up, the chances of another bidder entering the contest appears unlikely. Observers suggest that Tomkins' bid could win support from holders of over 50 per cent of RHM's shares by the first closing date, set at December 7.

Tomkins must first win approval from its own shareholders, and has called a special meeting on December 4 to discuss the bid and the second instalment of the £653m rights issue Tomkins is making to help finance it.

The share purchases yesterday were mostly at 260p, the value of the cash offer Tomkins is making for RHM, or at 269.54p, which includes the 9.54p dividend RHM sharehold-

ers are to receive. Tomkins has spent over £200m buying 78.65m RHM shares and has almost reached the limit of the share pur-chases it can make under rules which stop a bidder spending more than the equivalent of a quarter of its own net asset value on buying shares in its

Kalon in £2.4m DIY purchase

WHAT A difference a letter makes. Just 11 weeks after failing to take over rival paintmaker Manders for £86m, Kalon has bought the principal assets of the DIY business of Mangers for a more affordable

£2,4m. J Manger & Son is a Northamptonshire-based maker and distributor of DIY products. Kalon is buying the goodwill and intellectual property rights of the business, its freehold and leasehold properties, which it will sell or sub-let, and the plant, machinery and stocks. The business will be relocated to Ralon's factories and its head office in Batley,

West Yorkshire. Essentially Kalon is buying the Mangers name, best-known for its sugar soap products, but also caustic soda, steel wool, polyurethane foams, and household insulation equipment products, as well as a range of decorating sundries.

Smith & Nephew sells SoloPak

Smith & Nephew has sold Solo-Pak, which makes pharmaceuticals for the US market, for \$13.5m (£8.7m) to SoloPak Pharmaceuticals, a management buy in vehicle created by Welsh Carson Anderson & Stowe, the New York investment company.

Smith announced that it had sold the loss-making company to Ivax Corporation for \$19m in March However, Mr John Rob-inson, S&N chief executive, said that the deal fell through when Ivax pulled out.

Cabra delays filing financial statements

Cabra Estates, the heavily indebted property company, is delaying the filing of its finan-cial statements for the year to

The Registrar of Companies has approved the move as the accounts cannot be finalised because of the negotiations on debt restructuring and the sale of its two London football

Mr Gordon Young, chairman, told an extraordinary meeting he hoped the talks would end soon and the terms could be

put to a further EGM. Cabra owns the grounds of Fulham and of Chelsea, whose chairman, Mr Ken Bates, owns 29.6 per cent of the company.

AAH says it has 83% of CMRG

AAH Holdings, the pharmaceuticals wholesaler, announced that as at 3pm on November 6 it had received valid acceptances for 22,068,806 shares 83 per cent - in respect of its

offer for CMRG. As acceptances exceeded more than 80 per cent of the share capital of CMRG, the offer has been declared unconditional and will remain open until further notice. The partial cash alternative however will close at 3p on Friday November 20.

The Secretary of State for Trade and Industry has decided not to refer the transaction to the Monopolies and Mergers Commission.

NEWS DIGEST

Ross plugs in for electrical growth

Ross Group, the Southamptonbased consumer products and technical services company, is

expanding its electrical acces-sories division with the purchase of Fleetwood Electrics for an undisclosed sum-Fleetwood is expected to con-

tribute about £2m of sales in its first year of ownership. Wagon to proceed

with Polypal offer Wagon Industrial Holdings, the Telford-based engineering group, has formally announced that it is to proceed with its

November 23.

The 1-for-4 £30.8m rights issue, made to finance the

is a disease.



An Essential Energy Resource . . . that provides objective, independent and critical coverage of the European electricity market for: **ELECTRICITY UTILITIES** who rely on its unique coverage of their markets **ENERGY SUPPLIERS** to track their major custome and their competitors MAJOR ELECTRICITY CONSUMERS who are guided to future price trends **EQUIPMENT MANUFACTURERS** to assess sales REGULATORY AGENCIES to enhance their decision-INVESTORS, ANALYSTS AND CONSULTANTS to monitor their investments in the electricity sector Latest Issue available FREE. Attach your business card to this advert and return immediately, or contact: Louise Alsop, Financial Times Newsletters. Tower House, Southampton Street, London WC2E 7HA, UK. TELEPHONE: 071-240 9391. FAX: 071-240 7946.

Market Myths and Duff Forecasts for 1992 lage to recover." You ald NOT read that in FullerManey

FINANCIAL TIMES

PE/3/013

Just doing business puts you at risk. Particularly as, at the moment, one business fails roughly every 90 seconds of the working day.

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COMMODITIES AND AGRICULTURE

to 5-year lows

By Kenneth Gooding, Mining Correspondent

NICKEL PRICES were hit hardest yesterday by the wave of selling that is driving down prices on the London Metal Exchange. After touching its lowest level for more than five years, the price of nickel for delivery in three months closed last night at \$5,540. down \$127.50 a tonne.

In the past week nickel prices have fallen by \$602.50 a tonne or nearly 10 per cent. Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group. pointed out that cuts planned by nickel producers were "perceived as tardy and insufficient". Total nickel stocks, an estimated 220,000 tonnes. equated to more than 18 weeks consumption and the outlook for stainless steel (the biggest user of nickel) was poor. "A period of depressed [nickel]

prices looks to be in prospect

for the remainder of this year and the first half of 1993." he

Copper prices also fell heavily yesterday before recovering slightly when news about renewed political tension in Zaire created some nervousness about supplies from the African copper belt. Threemonths copper closed last night at £1,411.50 a tonne, down £14.25 in one day and £64.75 or 4.4 per cent in a week. Recovery in metals prices is

not too far away, suggests Mr Jon Bergtheil, analyst at James Capel, in a special report "Metals and Easy Money". He says metal exports from the Commonwealth of Independent States will ease just as western demand is picking up and western producers have cut output substantially. Mr Bergtheil says: "This convergence will begin to take place from the second quarter of 1993. Metal prices will antici-

pate this and begin to rise from

early 1993".

Differences narrowed in cocoa pact negotiations

By Frances Williams in

COCOA PRODUCERS and consumers have begun to narrow their differences in United Nations-sponsored talks in Geneva on a new international price stabilisation accord.

Both sides have made new offers on the price range to be defended by the accord and the amount of cocoa that could be withheld from the market to keep the price within the specified range.

However, the gap between them remains large. With only four days to go until the end of the two-week third round of talks on Friday, a fourth round looks probable. This has been tentatively scheduled for next February in Geneva.

Early last week cocoa producers lowered their price SDR1,820 a tonne (£1,640) to one of SDR1,625 a tonne, with a floor of SDR1,300 and a ceiling of SDR1,950. On Friday consumers raised their proposed mid-price from SDR1,000 to SDR1,050, within a range of SDR840-1,260 a tonne. March cocoa futures closed in London yesterday at £745, equivalent to SDR824, a tonne.

Consumers, led by the Euro-

pean Community, have also increased slightly, from 300,000 to 330,000 tonnes, the amount of cocoa they are prepared to see withheld from the market under the proposed scheme for short-term price stabilisation. Producers have come down from 600,000 to 500,000 tonnes but Mr Alain Gauze, commodities minister of the Ivory Coast, the biggest producer, suggested last week that 450,000 tonnes would be accept-

Major backs banana plea

MR JOHN Major, the British prime minister, has promised his government's support for continuing access for Caribbean bananas to the European Community following the creuary, according to Mr P.J. Patterson, Jamaica's prime

Mr Patterson said he had written to several European leaders about the concerns of and the need for continued preferential entry to Europe to protect against more competitive fruit from other areas.

mainly Latin America. "I am happy to reaffirm my ment to ensure that new arrangements on bananas fully meet our Lome obligations," Mr Major replied. "Achieving a successful outcome on bananas is a high priority for the UK

Nickel prices fall Italy appears stuck with aluminium white elephant

It looks as though taxpayers will to have to carry on footing the bill for Alumix, writes Haig Simonian

THIS MONTH could see some light shed on the uncertain fate of Alumix, the Italian aluminium producer, part of the Efim state holding company, which was put into voluntary liquidation

The government has set a mid-November deadline for deciding how to deal with wide-ranging Efim's operations. While healthier parts of the group, which has operations ranging from glass to health spas, are likely to be sold off, the long term future of the aluminium subsidiary is much less clear.

Alumix, which lost L420bn (£200m) on sales of about L1,200bn last year and now has lebts of some L1,300bn, is by far the most difficult of Efim's

Many industrialists question why Italy, lacking reserves of bauxite (aluminium ore) and highly dependent on imported energy, the biggest cost factor in aluminium smelting, ever created an aluminium business

The answer is largely political. With the bulk of its smelt-term. ing activities on the island of Sardinia, Alumix was designed partly to provide jobs, and through them, votes. Its plants are further examples of the tendency to develop large industrial plants in fringe locations on the basis of social pol-

icy rather than market forces. The fear of losing votes and boosting unemployment explains the willingness of successive Italian governments to be relatively patient as the problems of Alumix - and Rfim as a whole - steadily mounted. After its liquidation, Rfim was found to have debts of about L17,500bn - double previous estimates.

Alumix scraped together meagre net prolits of L4bn and L9hn in 1988 and 1999. But in the past two years, its losses have been growing as a result of the collapse in aluminium prices and steeply rising electricity charges. Although many forecasters expect demand for aluminium to increase later this decade. Alumix's problems

On purely economic grounds, many Italians think Alumix should be closed down. But in its latest decree law on winding up Kfim, published last month, the government appeared to grant the group yet another reprieve. Noting the social importance of providing labour in the hardpressed Sardinian economy, where unemployment is high, the government of Mr Giuliano Amato appeared willing to sanction yet another restructuring plan in the hope of turn-

ing Alumix round. Company officials draw attention to the important steps that have already been taken in slimming down an industry born of the merger between the former private-sec-tor Alusuisse activities in Italy, based in Porto Marghera near Venice, and the state-owned Aluminia group in Sardinia Production has been concentrated in Sardinia, where about 130,000 tonnes of Alumix's total 160.000-tonnes-a-year output is

official, the Sardinian works are relatively up to date, while those in Porto Marghera are much older. Among other achievements claimed by the group is the creation in November 1991 of a four-division structure covering smelt-ing, extrusion, lamination and packaging, in an attempt to reduce costs and improve co-

There has also been some reduction of the work-force, which by March this year had fallen to about 6,500 on a group basis from 7,100 at the end of

ordination.

owever. Alumix claims many of the measures needed to restore its fortunes depend on the government rather than its management. Redundancy programmes are linked to government-sponsored early retirement schemes, which rely on Rome for financial support. And in spite of ministerial agreement to a L500bn cash boost agreed in 1991, and due year, the fresh money has never come, the company com-

But Alumix's biggest grumble - and by far the most controversial aspect of the business - concerns the price of electricity. At LAA per kilowatt hour, Alumix complains its energy costs are far above the European average. In July, the government agreed to slash electricity tariffs for the group's Sardinian smelters by 40 per cent, bringing the cost down to L24 per KwH. "That has helped", says Ms Chiara Benelli, a company official

but it doesn't cover production at Porto Marghera. Surprisingly, Ms Benelli does not expect the price cut to provoke a protest among competitors in the European Community. "It's not a subsidy, but just a reduction of the excessive price rise introduced earlier", she says. Until two years ago, Alumix was paying L28 per KwH

The government appears to have already granted Alumix a

now based. According to an to take effect at the end of that short-term stay of execution, although this month may still bring further surprises. Given that a sale or public flotation of the group is inconceivable in its present condition, ministers appear willing to provide some resources to help it put its books straight. In the meantime, some fringe activities may be hived off.

Alumix says virtually all its operations except the primary smelting business are now in, or nearing, profits, at least at the operating level. So conceivably, a subsidiary like its Comital foils and flexible packaging business, based in Turin, could be sold off separately.

Yet even one-off sales are limited by the strong vertical integration between many of the group's operations. Laminates, based at Porto Marghera, are dependent on output from the adjoining smelting works. So for the time being it looks as though for the Italian taxpayer wil have to carry on footing the bill for the country's expensive aluminium

Weather makes a hash of UK potato forecasts

Rain-soaked fields will almost certainly not produce the crop surplus that had been expected earlier

THE UK potato crop this year is one of the big-gest ever. Total poten-tial yield is estimated by the Potato Marketing Board at about 7m tonnes. Weather conditions during the growing season have been ideal and there is hardly a grower in the country who has produced a poor

But I met a specialist potato farmer the other day, a man who grew about 1,400 acres. mainly on other farmers' land which he rented for the purpose, who admitted that he expected to lose £250,000 on this year's activities. Such is the paradox of potatoes. To make a real killing from the crop it is necessary for there to be a shortage. This year there is a perceived surplus. I use the word perceived

autumn, the apparent lm tonne excess of supply over demand will almost certainly not materialise. Domestic demand for home grown potatoes is normally around 6m tonnes. Lower home sale prices, although full to consumers, could well lead to an increase in con-

because, for various reasons.

mostly to do with the wet

The glut on the market during the main lifting period caused ex-farm prices to col-

sumption to perhaps 6.3m



By David Richardson

lapse a few weeks ago, triggering the mechanism that allows the Potato Marketing Board to buy limited quantities of potatoes in order to take them off the domestic and processing markets. The price the board has paid - £33 a tonne leaves no profit for the grower but the objective is to firm the price of the rest of the crop. The board has in fact intervened in the market twice in recent weeks and well in excess of 500,000 tonnes has been offered to it by growers, not all of which may be accepted. That which is accepted will be sold back to farmers, for a fraction of what or it to as animal feed. The operation. although modestly underwritten by the Ministry of Agriculture, is mainly funded by grow-ers through a system of levies paid to the board on every acre

The greatest uncertainty, however, concerns the very high proportion of the crop that has still not been harvested. A week ago the board estimated that some 21 per cent of the area planted, containing about 1.5m tonnes, was still in the ground.

There have been a few dry days since these figures were issued and doubtless the unharvested acreage will now be a little smaller. After double the normal rainfall in some of the main potato areas over the last three months the problems of lifting in muddy conditions have been immense.

Comparative figures for recent years indicate the extent of this year's delay in potato harvesting. In 1991 at the end of October 7 per cent of the crop was left in the ground; in 1990, just 5 per cent. And the longer the delay lasts into the winter the more difficult it is to lift the crop from increasingly waterlogged soil. Furthermore it is likely that

the cold weather that has accompanied the rain will have damaged a proportion of the unlifted tubers; for once soil 8 deg C (46 F), the sugar content in the starch of potatoes rises, making them unsuitable for processing and unlikely to keep well in store through the winter. Also, most potatoes lifted in present soil conditions have mud stuck to them, which also affects storability by inhibiting under-floor ventilation. This in turn can lead to the development in store of latent diseases, which could make significant tonnages unmarketable for human con-

Some potato pundits have, in fact, predicted that national losses as a result of this combination of factors could be between 200,000 and 300,000 tonnes. If they are right, and with most of the questionable potatoes still in the soil they are guessing at present, it is clear that the surplus may be more apparent than real.

So, increased consumption, wastage, and the sizeable tonnage taken off the market may have created a virtual balance between supply and demand. The marketing board pre-sumably thinks so too because

last Friday afternoon the latest support buying scheme was closed. Growers now hope that there will be a firmer undertone to the market and that buyers will be prepared to pay them more than the 2p per lb most have received this sea-

believe that in a year like 1992 the UK's potato marketing board, unique in the EC, will really justify itself. Its statutory powers enable it to control the acreage grown as well as

Total daily turnover 31,798 lots

otel dally turnover 7,927 lots

150,365 lots

ver 2,577 lots

help to manipulate the market. the cropped area of commodi-There is little doubt, in fact, that its activities help bring some stability to a volatile sector and that is valued very highly by the majority of potato farmers. They are upset, therefore.

that, along with the marketing boards for milk and wool, the potato board, or at least its statutory powers, are set to disappear. Indeed enabling Bills to effect the changes are scheduled to be debated in the House of Lords within the next few weeks. It is all part of legislation required to bring about the European Community's

single market. Hostility to the removal of the statutory powers in order to replace them with a so-called "light" community regime is based on the fallure of most other EC measures to stabilise commodity prices in

an acceptable way in the long term and to the ruinous potato prices suffered by other potato growers in a year like this. In Holland and Belgium, for instance, growers are at present receiving as little as half the price paid in the UK. No Moreover most growers argue, even the ultra efficient ones in the low countries, can survive for long at such prices. UK growers also point to the apparent anomaly of a CAP

reform package that seeks to

control production by limiting

HEATING OIL 42,000 US gails, cents/US gails

Close Previous High/Low

ties in surplus and compensating farmers for so doing, while at the same time insisting on the removal of a system that is already achieving such control at a minimal cost to the tax-

Mr John Gummer, the UK minister of agriculture, does not appear to agree. He told a group of East Anglian potato growers last week that it could not be right to restrict the acreage of potatoes grown in the UK and risk a domestic shortage which would suck in imports from other EC coun-

He claimed that he did not know the details of what Brussels would shortly propose to replace the present system. It is highly unlikely, however, that the imminent proposal will include statutory powers, which are at the heart of present UK arrangements.

If they do not, many UK potato growers fear a volatile future that will drive more of them out of business and suck in more imports in any case They are fighting a probably futile rear-guard action to try system. For they are well aware that neither they not UK consumers would gain from a change. The only beneficiaries of a totally free market would be the processors and the supermarkets.

Chicago

MARKET REPORT

GOLD held under pressure on the London bullion market, but futures were trading at lifetime lows on Comex at midday. The New York market was depress by perceptions that inflation had been tamed and a widespread belief that global economies would remain in the doldrums. London dealers said the market had been battered by apparently programmed sales of central bank gold in roughly 50,000 ounce lots over the past two months and now by panic hedging from producers - even at current low price levels. London COCOA futures hit a

London Markets

SPOT MARKETS		
Crude oil (per barrol FOB)(Deci	+ or ·
Dubal	517.25-7.30u	+ 0.05
Brant Bland (dated)	\$19.10-9.20	+.025
Brent Blend (Dec)	\$19.20-9.25	
W.Ti(1 pm est)	\$20.25-0 35u	075
Oil products (FIWE prompt delivery per	tonne CIF	+ or -
Premium Gasolino	\$207-209	
Gas Olt	\$184-185	+0.5
Heavy Fuel Oil	\$95-97	
Naphtisa	\$190-191	+1
Petroleum Argus Estimates	l	
Other		+ or -
Gold (per troy oz)	\$334 45	+0.4
Silver (per troy oz)	387.50c	-2
Platinum (per troy 62)	\$362.0	4.5
Palladium (për troy oz)	\$94.85	-1
Copper (US Producer)	100 5	-3.5
Lead (US Producer)	38.4c	-4.6
Tin (Kuala Lumpur market)		-0.13
Tin (Now York)		-3
Zinc (US Prime Western)	62.Cc	
Cattle (five weight)	109.84p	+0.51*
Sheep (live weight)†	73.19p	+0.42*
Pigs (live weight)†	92.70p	+386.
London dally sugar (raw)	\$226.0z	+1
London daily sugar (white)	5259.5z	+1
Tate and Lyle export price		+ 1.5
Barley (English lead)	Unq	,
Maize (US No. 1 yellow)	E146 0	
Wheat (US Dark Northern)	Unq	
Rubber (Deci♥	62.75p	-0.25
Rubber (Jan) 🎔		0.25
Rubber (KL ASS No 1 Dec)		
Coconut oil (Philippines)§	\$510 Oy	F 5
Palm Oil (Malaysian)§	\$412.B	+5
Copra (Philippines)§	5330 Σ 164.5z	
Soyabeans (US) Cotion "A" index		+3 +0.45
Vooltops (64s Super)		+4
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new high in early trading before turning tail to end around £8 a tonne lower in near months after a reasonably busy day. "I think the market's just a bit tired. It's run-up a lot in the last week and it needs a bit of consolidation," one dealer said. By midday New York's arabica COFFEE market had recovered on news that German statistician F.O. Licht expects world production to fall to 93.32m bags in 1992-93, compared with

101.0	9m bac	o lost v		•	
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May	199.00	199,00	198.00	198.00	IGO M
White	Clase	Previous	High/Lo	t	55.39
Dec	263.50	259.00	263.00 2		-
Mar May	260.00 262.50	257.50 259.50	269.60 2 262.10 2		POTA
Aug	267.90	264.00	287.10 2		
Oct	256.90	253.90	256.00 2		- Apr
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Feb	19.53	19.27	19.55	19.20	Turno
Mar	19.47	19.21		19.20	
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Mar	178.50	179.07	179.75 1		Jan
Apr	175.25	176.00	178.25 1		Mar
May	173 00	174.00	174.25 1		May
Jun	172.25	173.00	173.50 1		Jun
Jul	173.26	174.00	174.50 1		Nov
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Sep _	940	935	943 940
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HER	Close	Previous	\$10/index point High/Low
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6 months	259.90		392.45		Oct	359.0			0	62.
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6 months 12 months GOLD COM Krugerrand	259.90 267.00 \$ pric 334.50 344.80	0-337.50 0-347.05	382.45 388.95	221.00	SILVI Nov Dec Jen Mar	359.0 Close 369.6 370.2 371.4 373.6	troy	365.4 7 04 cent Previous 387.2 388.0 389.3 391.9	0 High 388.5 389.0 0 383.0	/Low
6 months 12 months COLD COIN Krugernind Maple leaf New Soverei	259.90 267.00 8 \$ pric 334.50 344.90 ign 80.00-	0-337.50 0-347.05	282.45 399.96 £ equiv	221.00	Nov Dec Jen Mar May Jul Sep	359.6 Close 369.6 370.2 371.4 373.8 376.7 379.4 382.0	e i	965.4 7 02; cent Previous 387.2 388.0 389.3 391.9 394.6 397.5 400.2	0 hligh 386.5 389.0 0 386.6 386.6 385.0	/Low
6 months 12 months GOLD COIN Krugernand Maple leaf	259.90 267.00 8 \$ pric 334.50 344.90 ign 80.00-	0-337.50 0-347.05	282.45 399.96 £ equiv	221.00	Nov Dec Jen Mar May Jul Sep Dec	389.6 Close 389.6 370.2 371.4 378.5 378.7 379.4 382.0 386.5	troy	985.4 7 02; cent Previous 387.2 388.0 389.3 391.9 394.6 387.6 400.2 404.8	0 High 388.5 389.0 0 398.6 388.6 405.0	/Low
6 months 12 months 12 months GOLD COIN Krugerand Maple leaf New Soverei TRADED ON	259.90 267.00 5 \$ pric 334.50 344.90 ign 80.00-	0-337.50 0-347.05	219.00-5	221,00 4.00	Nov Dec Jen Mar May Jul Sep Dec Jan	369.6 Close 369.6 370.2 371.4 378.7 378.7 378.4 386.5 387.9	troy	965.4 7 02; cent 7 02; cent 387.2 388.0 389.3 391.8 397.6 400.2 404.8 406.3	0 High 386.5 389.0 0 386.6 386.6 405.0 0	/Low
6 months 12 months 13 months 14 months 15 months 16 months 16 months 17 mont	259.90 267.00 S \$ pric 334.50 ign 80.00- PTIONS	0-337.50 0-347.05 -63.00 Calls	219.03-5	221,00 4,00	Nov Dec Jen Mar May Jul Sep Dec	389.6 Close 389.6 370.2 371.4 378.7 378.4 382.0 386.5	troy	985.4 7 02; cent Previous 387.2 388.0 389.3 391.9 394.6 387.6 400.2 404.8	0 High 388.5 389.0 0 398.6 388.6 405.0	/Low
6 months 12 months 12 months GOLD COIN Krugerand Maple leaf New Soverei TRADED ON	259.90 267.00 S \$ pric 334.50 ign 80.00- PTIONS	0-337.50 0-347.05 -63.00 Calls	219.00-5	221,00 4.00	Nov Dec Jen Mar Mey Jul Sep Dec Jan Mar	369.6 Close 369.6 370.2 371.4 378.6 378.7 378.4 382.0 386.6 387.9 391.7	troy	986.4 7 02; cent Previous 387.2 388.0 389.3 394.8 397.6 400.2 404.8 406.3 410.1	0 blirby High 386.5 389.0 0 386.6 385.0 405.0 0 395.0	/Low
6 months 12 months 13 months 14 months 15 months 16 months 16 months 17 mont	259.90 267.00 \$ \$ pric 334.5(344.9) 9710NS	0-337.50 0-347.05 -63.00 Calls	382.45 388.95 £ equiv 219.00-5 32.00-5	221,00 4,00	Nov Dec Jen Mar Mey Jul Sep Dec Jan Mar	369.6 Close 369.6 370.2 371.4 378.7 378.7 378.4 382.0 386.6 387.9 381.7	troy	985.4 Oz; cent Previous 388.2 388.3 391.9 397.5 400.2 404.8 406.3 410.1	0 s/trey (386.5 389.0 0 386.6 386.6 0 395.0 0 395.0	/Low
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6 months 12 months 12 months GOLD COIN Krugerrand Maple lost New Soverei TRADED Of Aluminium (f Strike price:	259.90 287.00 \$ pric 334.50 34.90 9770NS \$ torine D	0-337.50 0-347.05 63.00 Calls Dec Ma 8 88	392.45 396.95 £ equiv 219.03 52.00-5	221,00 4,00 Puts Mar	Nov Dec Jen Mar Mey Jul Sep Dec Jan Mar	369.6 Close 369.6 371.4 373.6 376.7 378.7 378.7 378.7 378.7 378.7 382.0 386.5 387.9 381.7 GRADE	troy	385.4 Oz; cent Previous 387.2 388.0 389.3 391.9 304.8 397.5 400.2 406.3 410.1 Previous 35.90	0 s/trey (386.5 389.0 0 386.6 386.6 0 395.0 0 395.0	/Low
6 months 12 months 13 months 14 months 14 months 15 months 16 months 17 mont	259.90 267.00 \$ \$ pric 334.5(gn 80.00- PTIONS 18.7%) \$ torine 0	Calls Calls Calls A Calls Calls	392.45 399.95 £ equiv 219.00-5 \$2.00-5 ar Dec 3 49 145	221.00 4.00 Puts Mar 9 47 123	Nov Dec Jen Mar May Jul Sep Dec Jan Mar	369.6 Close 369.6 370.2 371.2 376.7 378.4 382.0 386.5 387.9 387.9 GRADE	troy	385.4 02; cent Previous 387.2 388.0 389.3 391.9 394.8 397.6 400.2 404.8 410.1 PPER 25,	0 high 388.5 389.0 0 398.6 398.6 405.0 0 395.0 High	A_ow
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6 months 12 months 14 months 14 months 15 months 16 months 16 months 16 months 17 mont	289.90 297.00 S \$ pric 334.5(334.9(91.00- PTIONS 93.7%) \$ torine D 5 3 3 4 4 9 3 4 4 9 3 3 4 4 9 3 3 4 4 9 3 3 4 4 9 3 4 3 4 3 4 3 4 3 4 3 4 3	Calls Calls Galls	\$82.45 \$89.95 £ equiv 219.00-5 \$2.00-5 \$2.00-5 \$49 \$145 \$76 \$122	221.00 4.00 Mar 9 47 123 Puts 53 118	Oct SiLVi Nov Dec Jen Mar May Jul Sep Dec Jen High High Nov Feb Mar Apr Jul Jul Jul	369.6 Global 369.6 370.2 371.4 372.6 372.6 382.0 3867.9 381.7 GRADI GLOBAL 94.40 94.80 96.95 96.95 96.95 97.85	O troy	365.4 7 02; cent Previous 389.2 388.0 389.3 389.3 389.8 389.8 400.2 400.8 400.2 100.1 PPER 25; Previous 35.90 10.35 17.95 18.45 18.45 18.15	0 m/troy High 388.5 389.0 0 386.6 405.0 0 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	/Low
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6 months 12 months 14 months 14 months 15 months 16 months 16 months 16 months 17 mont	289.90 297.00 S \$ pric 334.5(344.9(90.00- PTIONS 19.7%) \$ tonne 0 4 4 3 1 1 1 1 2 2 9	Calls S	\$382.45 \$389.95 \$2 equiv 219.00 \$2.00-5 \$2.00-5 \$49 \$145 \$76 \$122 \$2 \$1 \$2 \$1 \$2 \$1 \$2 \$1 \$2 \$1 \$1 \$2 \$1 \$1 \$2 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$	221.00 4.00 Mar 9 47 123 Puls 53 83 118 Mar 4 10 22 Mar 15 23 33	Oct SILVI Nov Dec Har Mey Jul Sep Dec Jen Mar HIGH HIGH CRUE CRUE LI	366.0 369.6 369.6 371.4 371.4 372.2 371.7 372.2 3	College Colleg	365.4 7 02; cent Previous 389.2 388.0 389.3 389.3 389.8 389.8 387.8 400.2 400.8 400.2 400.8 5.90 16.35 17.20 17.95 18.45 18.45 18.55 142.000 1 27.95 18.45 18.55 142.000 1 27.95 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30 18.45 18.60 18.30	0 w/troy High 1885.5 (1995) 1899.0 (1995) 18	Central Contral Contra
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6 months 12 months 14 months 14 months 15 months 16 months 16 months 16 months 17 mont	289.90 297.00 S \$ pric 334.5(344.9(gn 80.09- PTIONS 19.7%) \$ tonne D 4 4 3 3	Calls	\$382.45 \$389.95 \$2 equiv 219.00 \$2.00-5 \$2.00-5 \$49 \$145 \$76 \$122 \$2 \$1 \$2 \$1 \$2 \$1 \$2 \$1 \$2 \$1 \$1 \$2 \$1 \$1 \$2 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$1 \$	221.00 4.00 Mar 9 47 123 Puls 53 63 118 Mar 4 10 22 Mar 15 23 33	Oct SILVI Nov Dec Jen Harl High Mar High Land Jun	366.0.0 Closes Sign.6.7 Closes Sign.6.7 Sign.6.	College Part Colle	365.4 7 0.2 cent Previous 389.3 389.3 389.3 389.3 389.3 389.8 400.2 404.8 369.3 400.2 404.8 369.3 590.0 16.35 16.10 17.95 18.45 18.55	0 High S86.5 S89.0 S89	Con Section
6 months 12 months 14 months 16 months 16 months 17 mont	289.90 297.00 S \$ pric 334.5(344.9(gn 80.00- PTIONS 19.7%) 5 tonne D 4 4 3 3 1: 1: 6 6 0	Calls S7 61 18 18 18 18 18 18 18 18 18 18 18 18 18	\$382.45 \$399.96 \$219.00 \$2.90-5 \$2.90-5 \$3 \$49 \$145 \$76 \$122 \$2 \$12 \$12 \$12 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15	221.00 4.00 Auta Mar 9 47 123 Fuls 53 83 118 Mar 4 10 22 Mar 15 23 33 Jan 40	Oct SILVI Nov Dec Jen May Jul Sep Dec Jen Mar High Nov Dec Jen Mar High Dec Mar High Mar High Mar High May Jun Aug CRUID Dec Right Mar May Jun May	369.0 369.6 369.6 370.2 371.4 378.7 3	Could be seen as a seen a	365.4 7 02; cent Previous 387.2 388.0 389.3 391.9 384.8 387.5 400.2 400.8 406.3 410.1 PPER 25,1 140.7 Previous 36.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.45 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66 377.55 38.66	0 / 1 / 1 / 1 / 1 / 1 / 1 / 1 / 1 / 1 /	Con Section
6 months 12 months 14 months 16 months 17 months 18 mont	289.90 297.00 S \$ pric 334.5(344.9(gn 80.09- PTIONS 19.7%) \$ tonne D 4 4 3 3	Calls S7 61 18 18 18 18 18 18 18 18 18 18 18 18 18	\$382.45 \$399.96 \$219.00 \$2.90-5 \$2.90-5 \$3 \$49 \$145 \$76 \$122 \$2 \$12 \$12 \$12 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15 \$15	221.00 4.00 Mar 9 47 123 Puls 53 63 118 Mar 4 10 22 Mar 15 23 33	Oct SILVI Nov Dec Jen Harl High Mar High Land Jun	366.0.0 Closes Sign.6.7 Closes Sign.6.7 Sign.6.	COLLING STATE OF THE STATE OF T	365.4 7 0.2 cent Previous 389.3 389.3 389.3 389.3 389.3 389.8 400.2 404.8 369.3 400.2 404.8 369.3 590.0 16.35 16.10 17.95 18.45 18.55	0 High S86.5 S89.0 S89	Con Section

WORLD COMMODITIES PRICES

		•
	000	34
,322 lots rer 1,996 lots		-
	Dec	9
97 lots r 12,977 lots	Mar	1
	أداق	1
,829 lots	Sep Dec	1
onthe: 1.4929	Mar May	1
	Jul	1
	Sep	_1
	COFF	
w		
332.2	Dec Mar	6
9 833.5 834.7 336.7 340.0	May	6
334.7	Sep	71 71
	Dec Mar	7
0 342.0	SUQ	RY
	_	C
365.0	Maz	8.
365.0 365.5 358.0	May Jul	8.
355.0 0	Oct	9. 6. 9.
	Mar	
4	COTT	_
388.0 368.0		C
0	Oec Mar	2
371.0 378.0	May	5
376.0 376.0 384.5	Jul Oct	51 50
384.0 386.0	Dep	58
0 394.0	Mar	56
ints/ibs	MARO	GE C
7		
94.30	Nov	95
94,25 95,10	Jan Mar	85
95.50 95.60	May Jul	96 96 96
95,60	Sep	DE
96.40 96.55	Nev	95
97,25 97,50	Jan Mar	95 96
0		_
barrel	C	
	IND	
20,21	100	
20,33 20,38		_
20.39		
20.35 20.34	DO	J,
20,31 20,28	1	_
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61,63	_	
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58.36						
	57,35	56.70	57.10		Close	
59.69 60.05	58.66 59.37	69.85 60.30	58.45 59.10	Nov	549/2	
59.10	58.62	-59.10	58.45	Jan	651/0	ì
57.73	57.27	57.70	57.05	Mar	557/0	
						,
					670/6	- 1
56.66	56.16	56.40	. 56.40	Sep	569/2	
57.78	57.31	57.30	57.25			'
OA 10 tons	:ea;5/10/1/10	s ·		- <u>50YA</u>		. 60
Close	Previous	High/Lo	w			
979	998	991	976			
1027	1046	1037	1024	Mar	" 19.83	
						1
1112	1136	1117	1110	Aug	20.09	:
1147	1171	1162	1145	Sep	20.11	1
			1181	SOYA	BLAN ME	AL.
1244	1268	ŏ	ŏ		Close	7
1267	1292	0	0	Dec	178.1	٦,
EE *C* 37	,500fbs; ce	nte/lbs		Jen	178.9	1
Close	Previous	High/Lo	w			1
61.96	64.80	64.90	61.85	- Jul	183.7	i
84.55	66.60	67.15	64.50			1
			67.55			. 1
70.70						
73.20	76.25	74.50	74.00			_
						_
	*f1" 1 12,0	00 lbs; cı	nts/lbs			2
Close	Previous	High/Lo	w	May	223/4	2
8.84	8.79	8.85	8.75			2
-			8.86			2
9.00 6.99				Mar	244/2	2
9.01	8.96	0	0	WHEA	T 6,000 by	mi
ON 50,000	controlls.				Close	P
,	وماطياس.					_
Close	Previous	High/Lo	W	Dec	382/6	3
Close 55,73		High/Lo	W 55.15	Mac	359/2	3
Close 55.73 56.56	Previous 55.88 56.47	55.80 56.60	55.15 55.90	Mac May	359/2 341/4	3
S5.73 56.56 57.35	Previous 55.88 56.47 57.23	55.80 56.60 57.35	55.15 55.90 56.70	Max May Jul	359/2	3
Close 55.73 56.56	Previous 55.88 56.47	55.80 56.60	55.15 55.90	Mac May	359/2 341/4 316/0	3
55.73 56.56 57.35 56,10 56.53 58,70	Previous 55.88 56.47 57.23 57.85 58.26 58.40	55.80 56.60 57.35 56.10 68.80 58.40	55.15 55.90 56.70 57.40 58.25 68.10	Mar May Jul Sep Dec	359/2 341/4 316/0 322/0	3 3 3
55.73 56.56 57.35 56,10 66.53 58,70 59.30	Previous 55.88 56.47 57.23 57.85 58.26 58.40 68.95	55.80 56.60 57.35 50.10 68.80 58.40 58.00	55.15 55.90 56.70 57.40 58.25 68.10 59.00	Mar May Jul Sep Dec	359/2 341/4 316/0 322/0 332/4	3 3 3 3 ,000
Close 55,73 56,56 57,35 58,10 58,53 58,70 59,30 GE JUICE	Previous 55.88 66.47 57.23 57.85 58.26 58.40 68.65	55.80 56.60 57.35 58.10 68.20 68.40 59.00	55.15 55.90 56.70 57.40 58.25 68.10 59.00	Mar May Jul Sep Dec	359/2 341/4 316/0 322/0 332/4 ATTLE 40	3 3 3 ,00x
Close 55,73 56,56 57,35 58,10 56,53 58,70 59,30 GE JUICE Glose	Previous 55.88 56.47 57.23 57.85 58.26 58.40 68.95	55.80 56.60 57.35 50.10 68.80 58.40 58.00	55.15 55.90 56.70 57.40 58.25 68.10 59.00	Mar May Jul Sep Dec LIVE C	359/2 341/4 316/0 322/0 332/4 Close 74,225 72,225	3 3 3 3 ,000 P
Close 95.73 56.56 57.35 58.10 56.63 58.70 59.30 GE JUICE Glose 95.35	Previous 55.88 56.47 57.23 57.85 58.26 58.40 58.95 15,000 lbs; Previous 96,10	55,80 58,60 57,35 55,10 68,80 68,40 59,00 cents/fibs	55.15 55.90 56.70 57.40 65.25 65.10 59.00	Mar May Jul Sep Dec LIVE C	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 72.378	3 3 3 3 ,000 P
Close 55.73 56.56 57.35 56.10 60.53 58.70 59.30 GE JUICE Glose 95.35 94.00	Previous 55.85 56.47 57.23 57.85 58.26 68.40 68.95 15,000 lbs; Previous 96,10 94.35	55.80 56.90 57.35 58.10 68.80 58.40 59.00 cents/fbs High/Lo	56.15 58.90 56.70 57.40 58.25 68.10 59.00	Mar May Jul Sep Dec LIVE C	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 72.378 69.325	33 33 30 77 77 78
Close 55.73 56.56 57.36 58.10 69.63 70 59.30 GE JUICE Close 95.35 94.00 96.40 96.40	Previous 55.88 56.47 57.23 57.85 58.26 58.40 58.95 15,000 lbs; Previous 96,10	55,80 58,60 57,35 55,10 68,80 68,40 59,00 cents/fibs	55.15 55.90 56.70 57.40 65.25 65.10 59.00	Mac May Jul Sep Dec LIVE C Dec Feb Apr Jun Aug Oct	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Ciose 74.225 72.225 72.225 72.378 69.325 68.150 68.660	3 3 3 3 3 7 7 7 6 6
Close 55.73 55.56 57.36 58.50 59.10 69.63 59.70 69.30 GE JUICE Glose 95.35 94.00 85.60 96.40 96.40	Previous 55.58 55.47 57.25 57.25 57.25 58.26 58.40 58.25 15,000 lbs; Previous 94.10 94.35 96.90 96.85	55.80 57.35 53.10 68.30 58.40 58.00 cents/lbs High/Lo 96.95 96.25 97.50 97.25	95.15 55.90 56.70 57.40 59.25 58.10 59.00 95.30 93.75 95.50 96.16	Mac May Jul Sep Dec LIVE C	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 72.378 69.325 68.150	3 3 3 3 3 7 7 7
Close 55.73 56.56 57.36 58.10 59.30 GE JUICE Glose 95.35 94.00 95.60 96.40 96.40 96.40	Previous 55.88 66.47 57.23 58.26 58.40 58.95 15,000 lbs; Previous 98.10 98.85 96.96 96.86 96.85	55.80 57.35 58.10 58.40 58.40 58.00 cents/lbs High/Loc 96.95 97.50 97.50 97.50	56.15 58.90 56.70 57.40 68.25 68.10 69.00 98.30 98.30 98.50 98.00 98.15 97.50	Mar May Sep Dec LIVE O Pec Feb Apr Jun Aug Oct Dec	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Ciose 74.225 72.225 72.225 72.378 69.325 68.150 68.660	3 3 3 3 3 7 7 7 7 6 6
Close 55.73 58.56 57.35 58.10 69.53 59.70 59.30 GE JUICE Glose 95.35 94.00 95.40 96.40 96.40 96.40 96.40 96.40 96.40	Previous 155.88 56.47 57.23 56.26 58.46 58.26 58.46 58.45 15,000 lbs; Previous 94.35 96.35 96.35 96.35 96.35	55.80 57.35 50.10 59.40 59.00 cents/fer High/Lox 98.95 97.10 97.50 97.25 97.50 98.10	95.15 55.90 56.70 57.40 59.25 58.10 59.00 95.30 93.75 95.50 96.16	Mar May Sep Dec LIVE C Dec Feb Apr Jun Aug Oct Dec	359/2 341/4 318/0 322/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 72.225 72.225 66.500 66.800	3 3 3 3 3 7 7 7 7 6 6
Close 95,73 58,56 57,35 58,56 57,35 58,70 58,70 59,30 GE JUICE Glose 95,35 94,00 98,40 98,40 98,40 96,80	Previous 55.88 55.47 57.25 58.26 58.40 58.40 58.40 94.35 94.35 96.85 96.85 96.85 96.35	55.80 55.80 57.35 55.10 59.40 59.00 cents/fbs High/Los 99.95 97.50 97.50 97.50 97.50 0	55.15 55.90 56.70 57.40 65.25 68.10 89.00 85.30 93.75 95.50 96.16 97.50 0	Max May Jul Sep Dec LIVE C Dec Feb Apr Jun Aug Oct Dec	359/2 341/4 319/0 322/0 3322/4 ATTLE 40 Close 74.225 72.225 72.225 86.150 66.900 Close 66.900 Close 43.250	33 33 33 34 77 77 77 66 69 90 R
Close 55.73 58.56 57.35 58.10 69.53 59.70 59.30 GE JUICE Glose 95.35 94.00 95.40 96.40 96.40 96.40 96.40 96.40 96.40	Previous 155.88 56.47 57.23 56.26 58.46 58.26 58.46 58.45 15,000 lbs; Previous 94.35 96.35 96.35 96.35 96.35	55.80 57.35 50.10 59.40 59.00 cents/fer High/Lox 98.95 97.10 97.50 97.25 97.50 98.10	55.15 55.90 56.70 57.40 68.25 68.10 59.00 85.30 93.75 95.50 96.16 97.50 98.16	Max May Jul Sep Dec LIVE C Dec Apr Jun Aug Oct LIVE H	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 60.225 68.150 68.900 OGS 40.00 Close 43.675	33 33 33 34 40000 P 77 77 77 66 66 60 90 R
Close 55,73 58,56 57,36 58,56 57,36 58,20 58,70 59,30 GE JUICE Close 95,35 98,40 98,40 98,80 99,	Previous 155.88 56.47 57.23 56.26 58.46 58.26 58.46 58.45 15,000 lbs; Previous 94.35 96.35 96.35 96.35 96.35	55.80 57.35 50.10 59.40 59.00 cents/fer High/Lox 98.95 97.10 97.50 97.25 97.50 98.10	55.15 55.90 56.70 57.40 68.25 68.10 59.00 85.30 93.75 95.50 96.16 97.50 98.16	Max May Au Sep Dec LIVE C Dec Feb Apr Jun Aug Oct Dec LIVE R Dec Feb Apr Jun	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74,225 72,257 86,150 66,900 Close 45,250 41,026 41,026 45,250 45,250 45,250	33 33 33 33 33 30 77 77 77 77 77 66 66 69 69 69 69 69 69 69 69 69 69 69
Close \$5.73 56.56 57.36 58.56 57.36 58.50 59.30 GE JUICE Glose 95.35 94.00 85.60 96.40 96.40 96.60 95.80 96.80	Previous 55.88 56.47 57.23 58.26 58.40 58.25 15,000 lbs; Previous 96,10 94.35 96,85 96,85 96,85 96,35 96,35	55.90 56.90 57.35 56.10 66.30 68.40 68.40 68.40 68.40 68.40 68.40 98.95 97.50 97.50 97.50 97.25 97.25 97.25 97.25	56.15 55.90 56.70 57.40 68.25 68.10 59.00 93.75 95.50 96.16 97.50 96.10	Max May Jul Sep Dec LIVE C Feb Apr Jun Dec LIVE R Dec Feb Apr Jun Jun Dec Jun	359/2 341/4 319/0 322/0 332/4 ATTLE 40 Close 74.225 72.378 60.257 72.378 60.900 66.900 G6.900	33 33 33 33 33 30 77 77 77 77 77 66 66 69 69 44 44 44 44 44
Close \$5.73 56.56 57.36 58.56 57.36 58.50 59.30 GE JUICE Glose 95.35 94.00 85.60 96.40 96.40 96.60 95.80 96.80	Previous 155.88 56.47 57.23 56.26 58.46 58.26 58.46 58.45 15,000 lbs; Previous 94.35 96.35 96.35 96.35 96.35	55.90 56.90 57.35 56.10 66.30 68.40 68.40 68.40 68.40 68.40 68.40 98.95 97.50 97.50 97.50 97.25 97.25 97.25 97.25	56.15 55.90 56.70 57.40 68.25 68.10 59.00 93.75 95.50 96.16 97.50 96.10	Max May Au Sep Dec LIVE C Dec Feb Apr Jun Aug Oct Dec LIVE R Dec Feb Apr Jun	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74,225 72,257 86,150 66,900 Close 45,250 41,026 41,026 45,250 45,250 45,250	33 33 33 33 33 30 77 77 77 77 77 66 66 69 69 69 69 69 69 69 69 69 69 69
Close \$5.73 \$6.56 \$7.36 \$8.70 \$6.63 \$8.70 \$6.63 \$9.30 GE JUICE Glose \$9.40 \$6.40 \$6.40 \$6.40 \$6.80 \$7.80 \$6.80	Previous 55.88 56.47 57.23 58.26 58.40 58.25 15,000 lbs; Previous 96,10 94.35 96,85 96,85 96,85 96,35 96,35	\$5.50 \$6.60 \$7.35 \$3.10 \$8.80 \$8.40 \$8.00 \$8.00 \$8.00 \$8.00 \$8.00 \$9.525 \$7.10 \$7.50 \$9.25 \$7.50 \$9.818 \$0.00	56.15 55.90 56.70 57.40 68.25 68.10 59.00 93.75 95.50 96.16 97.50 96.10	Max May Au Sep Doc Live C Feb Apr Jun Aug Oct	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 85.150 66.900 Close 43.250 43.675 41.025 44.925 44.925 44.925 44.925 44.925	33 33 33 33 33 33 37 77 77 77 77 77 77 7
Close 55.73 56.56 57.36 58.10 68.53 58.70 59.30 GE JUICE Close 95.35 94.00 96.40 96.40 96.60 96.80 96.80 97.70 98.80 98.80 Nov.9 1848.4	Previous 55.88 66.47 57.23 58.26 58.45 58.26 58.46 58.95 15,000 lbs; Previous 98.10 98.10 98.85 96.36 96.35 96.35 96.35 Nov 6 1645.5	\$5.50 \$6.00 \$7.35 \$0.10 \$6.20 \$8.00 \$8.00 \$8.00 \$8.00 \$8.00 \$8.00 \$9.25 \$7.10 \$7.50 \$9.25 \$7.50 \$9.10 \$9	56.15 58.90 56.70 57.40 58.25 58.10 59.00 98.37 95.50 98.16 97.50 0	Max May Au Sep Doc Live C Feb Apr Jun Aug Oct	359/2 341/4 319/0 322/0 3322/4 ATTLE 40 Close 74.225 72.275 89.225 88.150 68.900 Close 43.250 43.250 43.250 44.202 44.203 44.204 44.204 44.204 44.204 44.205	33 33 33 33 33 33 37 77 77 77 77 77 77 7
Close 55.73 56.56 57.36 58.10 68.53 58.70 68.53 59.70 6E JUICE Close 95.35 94.00 95.40 96.40 96.40 96.60 97.80 98.80 Nov.9 1848.4	Previous 55.88 66.47 57.23 58.26 58.40 58.95 15,000 lbs; Previous 94.10 94.36 96.96 96.85 96.35 96.35 96.35 Nov 6 1945.6 Bese: Dec.	\$5.50 \$6.60 \$7.35 \$3.10 \$6.30 \$5.40 \$5.00 \$6.40 \$5.00 \$6.45 \$7.10 \$7.50 \$7	56.15 58.90 56.70 57.40 58.25 58.10 59.00 95.30 95.30 96.50 96.50 96.16 97.50 0	Max May Jul Sep Dec LIVE C Feb Apr Jun Dec LIVE R Dec Feb Apr Jun Aug Oct PORK	359/2 341/4 319/0 322/0 3322/4 ATTLE 40 Close 74.225 72.275 89.225 88.150 66.900 Close 43.250 45.257 44.225 45.250 45.257 44.200 48.000 48.700 48.700	33 33 33 33 33 33 37 77 77 77 77 77 77 7
Close 55,73 58,56 57,36 58,70 58,50 59,30 59,30 GE JUICE Close 95,35 94,00 96,40 96,40 96,60 95,80 91,80 ITER\$ (B. Nov.9 1848,4	Previous 55.88 66.47 57.23 58.26 58.40 58.95 15,000 lbs; Previous 94.10 94.50 96.96 96.86 96.35 96.35 96.35 Nov 6 1945.9 Base: Dec.	55.80 56.90 57.35 50.10 58.30 58.40 58.40 68.40 68.40 68.40 68.40 98.95 97.50	56.15 58.90 56.70 57.40 58.25 56.10 59.00 85.30 93.75 95.50 96.10 0 1931 =	Max May Jul Sep Dec LIVE C Feb Apr Jun Aug Oct LIVE R Dec Feb Apr Jun Sul Aug Oct PORK Feb Mar	359/2 341/4 319/0 322/0 332/4 ATTLE 40 Close 74,225 72,275 72,275 89,225 65,150 66,900 Close 43,250 43,250 41,025 44,926 46,926	33 33 33 33 30 77 77 77 77 66 68 69 90 84 44 44 44 44 44 44 44 44 44 44 44 44
Close 55.73 56.56 57.36 58.10 68.53 58.70 68.53 59.70 6E JUICE Close 95.35 94.00 95.40 96.40 96.40 96.60 97.80 98.80 Nov.9 1848.4	Previous 55.88 66.47 57.23 58.26 58.40 58.95 15,000 lbs; Previous 94.10 94.36 96.96 96.85 96.35 96.35 96.35 Nov 6 1945.6 Bese: Dec.	\$5.50 \$6.60 \$7.35 \$3.10 \$6.30 \$5.40 \$5.00 \$6.40 \$5.00 \$6.45 \$7.10 \$7.50 \$7	56.15 58.90 56.70 57.40 58.25 58.10 59.00 95.30 95.30 96.50 96.50 96.16 97.50 0	Max May Jul Sep Dec LIVE C Feb Apr Jun Dec LIVE R Dec Feb Apr Jun Aug Oct PORK	359/2 341/4 316/0 322/0 332/4 ATTLE 40 Close 74.225 72.225 83.150 66.800 66.800 Close 43.250 41.675 41.625 44.926 45.250 45.250 45.250 46.900 86.900	33 33 33 33 34 77 77 77 77 66 68 69 60 60 60 60 60 60 60 60 60 60 60 60 60
	57.73 56.56 55.83 56.06 55.85 56.06 56.86	57.73 57.27 56.56 55.56 56.56 55.56 56.68 55.18 57.78 57.31 OA 10 tonnes, Sharine Ciose Previous 1027 1046 1056 1079 1091 1109 1112 1136 1147 1171 1165 1210 1214 1239 1244 1268 1267 1292 EE "C" 37,500tbs; cer Ciose Previous 61.86 64.30 67.30 68.50 67.30 68.50 67.30 77.30 77.70 77.30	57.73 57.27 57.70 56.56 55.86 56.25 56.83 55.47 56.08 55.55 56.90 56.85 56.16 56.40 57.78 57.31 57.30 OA 10 tonnet; \$1.50.00 OA 10 tonnet; \$1.50.00	57.73 57.27 57.70 57.05 58.56 56.98 56.25 98.00 58.83 55.41 53.70 55.80 56.08 55.95 56.90 \$5.50 58.85 56.16 56.40 88.40 57.78 57.31 57.20 57.25 DA 10 tonnes, Stromes Close Previous High/Low 979 998 991 978 1027 1046 1037 1024 1066 1079 1089 1055 1091 1109 1097 1085 1112 1135 1117 1110 1147 1171 1162 1145 1185 1210 1185 1181 1214 1239 0 0 1244 1239 0 0 1244 1239 0 0 1267 37.500tbs; centul/ibs Close Previous High/Low 61.95 64.30 64.90 61.85 69.35 71.40 71.40 69.15 70.70 73.00 73.10 70.70 73.20 75.25 74.50 74.00 OR WORLD "11" 112.000 ibs; centul/ibs Close Previous High/Low 8.84 8.79 8.85 8.75 8.96 9.00 8.91 8.99 9.00 8.91 8.99 9.01 8.99 0	57.73 57.27 57.70 57.95 Mar 56.56 55.96 55.95 56.00 May 56.38 35.41 33.70 55.80 Jul 56.08 55.95 56.90 55.90 Aug 56.08 55.95 56.90 55.90 Nov 56.08 55.95 56.90 55.90 Nov 57.78 57.31 57.30 57.25 Nov DA 10 tonnde; \$\frac{1}{2}\trace{1}\trac	57.73 57.27 57.70 57.05 Mar 557/0 56.56 55.96 56.96 56.20 May 563/0 56.33 55.41 35.70 55.50 Aug 570/6 56.06 55.56 56.90 55.50 Aug 570/6 56.06 55.56 56.90 55.50 Aug 570/6 56.08 57.78 57.31 57.30 57.25 Nov 578/0 DA 10 tonnes, Shannes Close Previous High/Low Dec 19.57 Jan 19.65 1027 1046 1037 1024 Mar 19.63 1096 1079 1083 1055 May 19.97 1091 1109 1097 1085 Jul 20.11 1112 1136 1177 1110 Aug 20.09 1147 1171 1162 1145 549 20.11 1185 1210 1185 1181 SOYABBAN ME 1244 1239 0 0 Close 1257 1232 0 0 Dec 178.1 165 64.50 64.90 61.85 Aug 181.7 61.95 64.50 64.90 61.85 Aug 181.7 76.95 97.73.00 67.56 Go.35 71.40 71.40 68.16 70.70 73.00 73.10 70.70 73.20 75.25 74.50 74.00 Close Previous High/Low Mar 180.2 May 181.4 183.7 Aug 180.2 May 181.4 180.2 May 2314 180.2 R WORLD "11" 112,000 lbs; cents/lbs Dec 20644 Mar 2190 Close Previous High/Low Dec 238/0 BAS 8.91 8.95 8.96 Dec 238/0 BAS 8.90 8.91 Dec 238/0

		ncag			
_	SOY	ABEANS 5,	900 bu min;	cents/60lb i	bushel
		Close	Previous	High/Lox	,
	Nov	549/2	551/2	561/4	546/2
	Jan Mar	551/0 557/0	553/0 558/4	553/0 656/4	547/6 553/6
	May	563/0	884/0	564/4	559/6
	Jul	5651/6 570/6	570/2	570/0	365/6
	Aug Sep	589/2	572/4 570/2	572/0 571/4	569/0 569/0
	Nov	578/0	67B/4	57714	574/4
_	\$0Y/	BEAN OR	60,000 iba; (cents/lb	
_		Close	Previous	High/Lov	,
_	Dec	19.57	19.66	19.68	19.40
	Jan Mer	19.85 _ 19.83	19,79 19,96	19.80 19.97	19.50 19.67
	May	19.97	20.11	20.12	19.82
	Jul Aug	20.11 20.09	20.25 20.25	20.28 20.20	19 97 20.03
	Sep	20.11	20.30	0	0
	SOYA	BLAN ME	AL 100 tons;	S/ton	
		Close	Previous	High/Lov	,
	Dec	178.1	178,7	179.1	178.9
	Jan Mar	178.9 180.2	179,4 180,3	179,8 180,8	177.5 179.0
_	May	181.4	181,3	181.7	180.5
_	Jul Aug	183.7 184.6	183.6 184.3	183.9	182.8 183.8
	Sep	185.6	185.1	184.8 185.8	184.S
	Oct	187.0	186.5	187.0	186.0
	MAIZ		min; cents/5		
_		Close 206/4	Previous	High/Low	
	Dec Mer	216/0	206/0 217/4	206/0 217/2	206/0 215/4
_	May	223/4	224/6	224/6	223/0
	Jul Sep	228/2 232/8	229/2 233/6	229/4 234/0	227/4 232/4
	Dec	238/0	238/4	238/4	237/4
	Mar	244/2	245/0	244/6	244/0
_	WHEA		min; cents/t	Olb-bushel	
_		Close	Previous	High/Low	
_	Dec Mac	382/6 359/2	369/2 356/6	380/0	358/6
	May	341/4	341/2	359/4 343/0	355/4 340/8
	Jul	316/0	316/2	318/0	315/4
	Sep Dec	322/0 332/4	322/ 0 332/4	323/0 333/0	321/4 332/4
			,000 lbs; ceni		
_		Close	Previous	High/Low	
	Dec	74,225	73.525	 _	.70 000
	Feb	72.225	71. 525	74.250 72.260	·73.625 71.860
_	Apr	72.375	71,900	72,400	71.750
	Jun Aug	69,325 68,150	68,975 67,850 ·	69.350 68.200	65.950 67.960
	Oct	68.560	68.400	88.650	68.425
	Dec	66.900	68.600	68.800	88,700
	LIVE		00 RD; CEINTS/II	5 8	
		Çicae	Previous	High/Low	
	Dec Feb	43.250 43.675	42.875	43.450	42.900
	Apr	41.025	43.175 40.750	43.750 41.150	43.075 40.660
	Jun	45.225 44.925	46.000	45.300	44,950
7			44.700	44.025	44.750
7	ايك وييم	45.600	43.500	43,600	43,450
	Jul Aug Oct	45.600 40.700	40,476	43.600 40.700	43,450 40,500
	Jul Aug Oct	45.600 40.700 BELLES 4	40,476 0,060 lba; ce	40.700	
	Aug Oct PORK	45.600 40.700 BELLIES 4 Close	40,476	40.700 nts/its High/Low	
	Aug Oct PORK	45.600 40.700 BELLES 4 Closs 41.850	40,476 0,000 lbs; ce Previous 41,475	40.700 nts/fb High/Low 42.200	40,500
	Aug Oct PORK Feb Mar May	48.600 46.700 BELLIES 4 Closs 41.850 41.825 43.325	40,476 0,000 lbs; ce Previous 41,475 41,475 43,225	40.700 hts/fb High/Low 42.200 42.125 43.475	40,500
	Aug Oct PORK Feb Mar	45.600 40.700 BELLIES 4 Closs 41.650 41.825	40,476 0,000 lbs; ce Previous 41,475 41,475	40.700 hts/fb High/Low 42.900 42.125	40,500 41,700 41,150

Shares drift lower in nervous trading

By Terry Byland, UK Stock Market Editor

WIDESPREAD hopes that Thursday's economic statement will be accompanied by a cut in UK base rates could not sustain the UK stock market yesterday. Although above the day's low, the FT-SE Index closed below the 2,700 mark

regained only last week. The stock market confidently expects base rates to be reduced by at least one point, either as part of the government's economic statement or on the day following, when the October retail price index is likely to show year-on-year inflation down to 3.3 per cent.
While most City analysts
would be satisfied with a one

point reduction to 7 per cent, some responded to the call from the Confederation of British Industry for rates to be cut by two percentage points to 6 per cent; however, the City was nervous after sterling fell sharply in late dealings after the CBI's regional chairman warned of the risks posed by "dramatic" interest rate cuts.

Against this uncertain backcloth, equities abandoned initial gains and, with stock index futures also virtually on hold, drifted down to a loss of 8.5 on the Footsie at mid-morning. A modest recovery, together with a calm start to the new

session on Wall Street, helped the London market later. The

Seaq volume slipped to 517.5m shares from Friday's 652.8m. Retail business was worth £1.2bn on Friday. Retail volume has been averaging more than £1bn daily for the past two months, indicating that London-based market firms have improved profitability during the final quarter of

final reading put the FT-SE this year. Once again, volume in second line stocks exceeded that in the Footsie listed issues yesterday. Late trading saw several large blocks of blue chips traded, notably BAT Industries (1.8m) and British Gas (6.4m).

However, strains on the securities industry remain severe and there were suggestions yesterday that two more City brokerage houses would

TRADING VOLUME IN MAJOR STOCKS

ada's reliance on cost cutting

to bolster profits meant that a

tant to any future growth strategy. However, this also

exposed concerns that such an

undertaking - Gardner Mer-chant would command a price

tag of some £400m - would

require a rights issue, a precar-

ious undertaking in the present climate. It was also

suggested that weekend press

reports on Granada's inten-

tions came from the group

itself and were designed to

manonevre Forte away from

negotiations believed to be

under way with the Gardner management. Granada shares

tumbled 10 to 283p. Forte was

Gas eased a penny to 276p after a block of 4.1m shares was

placed in the market at 273 %p. Very late in the session dealers

said another big institution had sold a line of 6.4m shares

at 271p.BP were active and

managed to edge up 2% to 228p on 5.4m traded. Shell, sched-

uled to report third quarter

numbers on Thursday, hard-

bought in recent sessions by

one of the big UK integrated

houses, fell back sharply, closing 7 off at 233p. Oil specialists

expect SHV, the private Dutch

investment group, to announce

Calor shares, aggressively

In a busy oil sector British

steady at 158p.

ened 2 to 530p.

group, is seeking to reshedule its bank debt unsettled announce a merger this week. Traders stressed that there Rolls-Royce and several other was little selling pressure. The Footsie Index was held down leading names in the aircraft by renewed falls among the industry supply business and dire statistics on insolvency international pharmaceutical rates in British industry lay stocks on worries that the new US president may tighten Fedheavily across the manufactur eral spending on medical wel-lare. SmithKline Beecham sufing sector.
Retail stocks were helped by

interest rate optimism but paid fered a bout of selling pressure. little heed to the latest data on Reports that GPA, the world's largest aircraft leasing that UK consumers continued to pay down credit card debt in September. Confidence in prospects for a consumer-led boom to lead the UK out of recession

remained fragile. Downgradings of UK companies by brokerage analysts con-tinued to provide features as well as to restrain investor activity across the range of the market. But market strategists nomic statement is likely to bring the first evidence of the government's growth strategy and that this is expected to confirm the recovery trend in the stock market since Septem-

ber.		
Account	t Doaling	Dates
"First Destings: Nov 2	Nov 16	Nev 30
Option Declaration	Nov 26	Dec 10
Lest Dealings; Ngv 18	Nov 27	Dec 11
Account Day: Nov 23	Dec 7	Dec 21
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Aircraft stocks upset

REPORTS OF financial problems at GPA, the world's largest aircraft leasing company, along with fears of impending defence cuts, together sent a chill through the aerospace and engineering sectors, bringing heavy falls in several of the major stocks.

Shares in Rolls-Royce took the full force of the worries surrounding GPA, falling 10% to 124%p in trade of 5.1m with the market worried about the firm orders GPA had placed for 45 Boeing 757s, all of which are due to be powered by Rolls engines. Smith New Court, Kleinwort Benson and Nikko Securities were among brokers advising investors to sell the shares. Strauss Turnbull also issued a "seil" recommendation and suggested 80p as a fair

However, it was British Aerospace which recorded the day's biggest fall in the market in percentage terms, falling 14 to 135p. BAe owns 20 per cent of Airbus Industrie with which GPA has a large order for A320 aircraft. Sentiment was further weakened by speculation that the UK government would

NEW HIGHS AND LOWS FOR 1992

Chicago

NEW HIGHS (142).
BRITISH FUNDS (01) OTHER FORE)
BRITISH FUNDS (01) OTHER FORE)
BRITISH FUNDS (02) STHEM, 11 ½pc 12, Loads
13 ½pc 06, Mitchestor 11 ½pc 12, Loads
13 ½pc 10, Mitchestor 11 ½pc 12, Loads
13 ½pc 12, Lind. Mex. Stales 16 ½pc
104, Alefackas (11) American 17 & 10,
20, Conclosing (11) Associated (11) American 17 & 10,
20, Electracomps, Rodine, Stales (12) American
RESEMBRS & DESTILLERS (1) Taumon Cider,
BRISWERS SERVICES (1) Hays.
CONGLOMERATES (1) American
RESEMBRS SERVICES (1) Hays.
CONGLOMERATES (1) American
GENERAL (1) VSEL CORTIS, HOTELS & LESSURE
(1) Mandarin Chientis, INSURANCE
BROKKERS (1) March & McLaman,
RESEMBRC GOARDORITE (1) American
Gen. American int. LSF & 0, NSURANCE
LSF (1) Torchmart, Mytestyllary Trusts
(22) Abbust New Thai, Do Wh., Albrues
Prid, Zero P., All and Ta. & Cap. Trusts
(23) Abbust New Thai, Do Wh., Albrues
Prid, Zero P., All and J. & Sodiem Interference
Frid, Zero P., All and J. & Sodiem Interference
Scot, Zero P., Gartmore Value Zero P.,
Pringo Ind. High Zero P., Cri Venture Wa.,
Gartmore Amer. Secs. Zero P., Gartmore
Scot, Zero P., Gartmore Value Zero P.,
Hong Kong Zero P., I. & Sodiem Inc.
Zero P., Jupiter Eoro. Zero P., Kleinwort
High Inc. Zero P. M. & G Inc. Zero, Sect.
Asian, Scot, Nati. Zero P., Stam Selective
Genth, The Free East Inc., Fit Lech., 1820A
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MATERIALS (1) GTR, PAZKAGIMO, PASPER
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100, Deb 25, Do 100; Trust Colon.
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Sull. Ding MATERIALS (2) Bridgen, CRT,
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London Secs. 8 4,pc P., et Gelle Manner, Manner
(2)

unnounce further defence cuts

Also affected were Smiths

in Thursday's Autumn State-

industries. 10 lower at 318p, and TI group, 6 lighter at 287p. Lasmo easier There was widespread consternation around dealings room as Lasmo shares wilted in the face of stories that a big

institution was seeking to

unload a block of between

eight and 10m shares in the oil exploration company.

Marketmakers lowered their prices for Lasmo stock, expecting the shares to come off sharply after the rumoured sale had taken place. But no large trades in Lasmo were forthcoming, with the day's total recorded turnover reaching only 2.4m.

Stories doing the rounds in the market suggested that the institutions were unhappy at the rather downbeat presentation delivered by the company in the City last week and that one of the big US investment hier line of shares. Oil shares have generally been unsettled by the recent bout of weakness in crude oil prices which have reacted to fears of increasing

"It looks as though the market was spoofed and somebody got rid of a long position," said one oil specialist. Lasmo announced yesterday the start up of production from its Markham gas field located in the Netherlands area of the

BCI in the frame

Lest week's move by Hanson to withdraw from the battle to take over Ranks Hovis McDougall unleashed another bout of speculation that Han-son has lined up another target. And some market observers took the line that the conglemerate may well have Blue Circle Industries (BCI), the big UK building materials group, in its sights. The shares rose 4 to 170p, after 172p. Han-

son slipped 2 % to 227 % p. The market's suspicions were further aroused yesterday when a buyer of 2.5m BCI shares appreared in the mar-ket. The shares were acquired in various parcels during the day, dealers said. Turnover reached a hefty 5.5m shares, the latest in a series of largerthan-usual busy days in the

stock. Takeover speculation has surrounded BCI for a number of years. During the late-1980's Hanson was thought to have been behind a market raid for BCI stock that netted only a handful of shares. More recently a number of overseas companies are thought to have taken a hard look at the company. Among the names mentioned were Lafarge Coppee

and MB Caradon. Worries over future profit growth persisted around Gran-ada as speculation continued that the group was ready to table an offer for Forte's catering subsidiary, Gardner Merchant. Analysts said that GranFT-A All-Share Index holding from 46 per cent to 48 per cent. Barclays remained the heavi-

est traded stock in the banks, . the shares rallying 7 more to 363p on 5.1m. Lloyds rose the same amount to 492p. HSBC, now ranked the UK's fifth biggest company measured by its market capitalisation which is more than twice that of the next bank, NatWest, moved up 5 more to 560p.

SG Warburg, scheduled to report lower interim figures this morning, dipped 14 to Composite insurances

showed General Accident a vulnerable market in front of today's third quarter numbers which County NatWest expects will show a sharp reduction in losses. County expects the company to report a quurterly oss of £10m against last time's £129m. General Accident shares dropped 12 to 536p. Royal, due to report on Thursday lost 11 to 226p.Among internationals. RAT continued to bask in the glow of last

292%p. Weakness in SmithKline Beecham was attributed to a warning of tough trading ahead from leading US drugs group Merck last Friday. It was also revealed that Merck would not be co-marketing one of the UK group's products. Smith-Kline shares dropped 11% to 512%p.

Leading property stocks were mildly positive on the weekend press speculation over interest rate cuts. Slough Estates rose 3 to 137p.

Confirmation that resignations among Virgin executives had occurred sent Thorn-RMI lower. They closed 10 lighter at 807p. Rank Organisation retreated 9 to 615p as profit-takers took their toll.

that it has topped up its share-FINANCIAL TIMES EQUITY INDICES

Tor 1992 Ordinary share index since compilation; high 2149,7 22/5/62 - low 49,4 29/6/40 Gold Mines index since compilation high: 734.7 16/2/63- low 43.5 28/10/71 Beats Ordinary share 1/7/36: Gold Mines 12/6/65.

Open 8.56 18.00 11.00 12.06 13.00 14.00 15.00 16.00 High Luu 2006,6 2007.0 1998.1 2000.2 2000.6 2000.3 2000.3 1998.6 2000.6 2008.8 1996.4 Nov 9 Nov 6 Nov 5 Nov 4 Nov 3 Yes 400 SEAQ Bargaine 2 Equity Termovar(Rai)? Equity Bargains? Shares braided (mil)? † Excluding Intro-market 27,036 27,278 1235.3 31,391 530.6 24,598 1516.4 28,835 597.9 25,618 1152,0 29,127 447,3 29,139 1240.8 32,414 503.3

Leadon report and latest Share Index Tel. 0891 123001. Calls charged at 35p/minute cheap rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

Turnover in stock index futures fell to its lowest level for nearly a year, as investors stayed on the sidelines ahead of the Chancellor's autumn statement on Thursday, writes Joel Kibazo.

Having opened at 2,727, the December contract on the FT-SE briefly sprang to life moving forward to 2,733 within minutes of the opening.

But with no enthusiasm for dealing, December quickly lost its earlier momentum and came back to fall to the day's low of 2,717.

Thereafter, the contract was traded in a narrow 11 point range of 2,720 and 2,731 but with little in the way of actual buying or selling. Dealers pointed, however, to the conpointed, however, to the con-tinued healthy premium to from the same malaise and

fair value which some put it down to lack of liquidity in both each and futures.

December ended the session at 2,723, down 9 on Friday's close and around 9 points above its estimated fair value premium of about 17. Turnover at 3,932 was the lowest recorded since December 1991.

volume reached a meagre 17.563 lots. Turnover in the FT-SR 100 option was 6,330 up on Friday's 4,556. Among stock options, J Sainsbury was the most actively traded. recording a total of 2,002 trades. This was followed by Tesco at 1,806 and by Asda at 1,146. Hanson also had a busy day with some 1,132 lots dealt in its options.

was eaid to have helped. on Thursday dented Burton. the retail clothing group,

A shortage of stock sent Booker forward, the shares lifting 15 to 390p. Unilever retreated on nervousness over the Gatt talks, although ana-lysts pointed out that the company would suffer little should a trade war break out. The stock fell 14 to 1066p. Shares in Unigate strengthened 10 to 297p. Early talk that an unnamed German group was scanning the European foods market for a baby foods group Nervousness ahead of results

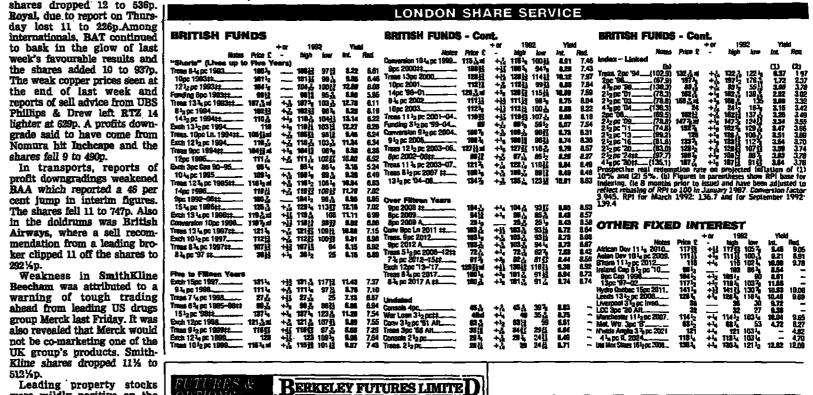
which weakened 21/4 to 45p. MARKET REPORTERS: Christopher Price.

Joel Kibazo, Steve Thompson Other market statistics

FT-SE	Α	ctuai	ries S	Share	Indi	ces		TH	IE UK	SEF	IIES
FT-SE 10 2695.4		FT-SE MID 250 2580.4 + 1,4				FT-A ALL-SHARE 1276.44 -2.62					
		Nov 9	 Nov 6	Nov 5	Nov 4	Nov 3	Y63r 400	19 High	92 Low	Since co	mpilation Low
FT-SE 100	_	2695.4	2702.7	2711.1	2691.7	2705.8	2575.5	2737.8	2281.0	2737.8 11/5/92	986 9 23/7/8
FT-SE Mid 258		2580.4	2579.0	2572.2	2560.7	2558.8	2540.9	2825.0	2157.8	2825 0	1379.
FT-8E-A 358		1301.7	1304.4	1307.0	1298.3	1303.5	1252.1	1342.7	1103.1	1342 7 11/5/92	664.5 14/1/8
Howly	Open	9.00	19.59	11,90	12.00	15.00	14.00	15.00	16.18	High/day	Low/da
FT-SE 100 FT-SE Nid 258 FT-SE-A 350 Gross dividend yle	2702.7 2578.6 1304.4 st (ACT	2582.5 1305.7	2576.4 1301.0	2576.8 1302.1	2698.5 2579.1 1302.8	2698.1 2579.2 1302.7	2697.1 2579.5 1302.3	2695.1 2580.3 1301.6	2697.6 2581.6 1302.7	2705 8 2582 6 1305.9	2694.2 2576.0 1300.5

4 Electricals (9) 2115.94 -0.4 7.86 7.11 16.81 108.10 2125.19 2115.29 2085.16 5 Electronics (27) 213.66 -0.2 7.67 3.99 16.41 49.15 2138.55 2158.53 2126.24 6 Engineering-Aerospace (6) 277.22 -5.8 12.77 8.47 9.96 15.92 294.24 294.31 291.09	991.63 1077.79
2 Building Materials (23)	991.63 1077.79 2490 23
3 Contracting, Construction (26)	2490 23
6 Engineering-Aerospace (6) 277 22 -5.8 12.77 8.47 9.6 15.92 394.24 294.31 291.05	
7 Engineering-General (43)	357 03
8 Metals and Metal Formlog (7)	334.38
10 Other Industrials (18)	1588.90
25 Food Manufacturing (19)	1960 18 1217 38 2424 28
27 Health and Household (26)	4044.21 1356.98
31 Packaging, Paper & Printing (17) 755 83 +0 8 6.72 4 29 18.52 22.83 750.02 746.35 740.06	
35(Textiles (9)	1028 86 641.09
41 Business Services (28)	1244.90 1397.97 1425.64
43 Conglomerates (10)	1447.15 2306.38
45 Electricity (16)	1197 46
48 Miscellaneous (22)	2387.04 1846.65
49 INDUSTRIAL GROUP (482)	1285 77 2376 16
59 500 SHARE INDEX (500)	
61 FTMANCTAL GROUP (83)	1504.35
66 lagurance (Composite) (77	1101.36
68 Merchant Banks (7) 478.86 -1.1 - 4.68 - 13.71 484.06 483.65 494.7(69 Property (30) 603.40 +0.5 9.31 6.99 14.10 24.94 600.44 603.52 600.94 70 Other Financial (14) 262,12 -0.3 7.58 6.36 17.33 9.58 263.02 262.28 261.85	902.79
71 Investment Trusts (70)	1212 89
99 ALL-SHARE INDEX (653)	1234.87

FT-SE	Act	 uarles	350	Ind	ustry	Basi	ets				Previous	
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Construe	1381,1	1363.1	1362.2	1362.8	1364.6	1362.7	1361.5	1360.3	1363.2	1363.2	1363.6	-0.4
Health & K	1315,6	1315,8	1309.7	13128	1313.3	1313.1	1311.2	1302.5	1305.7	1303.0	1318.7	-15.7
Water	1340.1	1344.2	1342.9	1345,2	1344.1	1339.2	1338.1	1339.8	1340.3	1331.8	1336.D	-4.2
Banks	1439.9	1447.8	1440.3	1441.6	1443.7	1444.D	1443.9	1444.0	1449.5	1449.2	1437.6	+11.6
Additional in Prendal Tir	es Úmite	d, One South	twark Bride	e, Londo	n 621 9HL '	The FT-SE	Actuaries S	inde	es Service,	which cove	rs a range e	of electron





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Templeton Emerging Markets Fixed Income Fund: USD 0.130
Templeton Flavor Fund: CITF 0.100 сопроволо 4 CITF 0.100 USD 0.050 Templeton I laven Fund: Templeton US Government Fund Paying Agent in Luxembourg Banque Internationale à Luxemb The funds are traded ex-dividend as from November 6, 1992. For any queries, shareholders are invited to contact Templeton Investment Manage ted - Edinburgh Tel: 031-228 4506 The Board of Directors Luxembourg, November 1992

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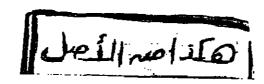
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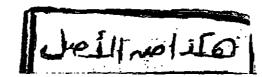
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FINANCIAL FUTURES AND OPTIONS

FOREIGN EXCHANGES

Dealers move focus to Gatt

D-Mark in Europe on profittaking yesterday, after failing to sustain a break through DM1.60, writes James Blitz. The US currency rose by

more than 5 pfennigs last week, and speculative players appeared to be cashing in on those movements. Yesterday the dollar closed in London at DM1.5885. Later in New York, however, it performed strongly, ending at DML6041. Otherwise, the market's attention was firmly fixed on

sterling, which fell to a five-year low against the dollar in

late European trading.

Dealers sold the pound in the belief that base rates could be lowered by as much as 2 per cent when the UK chancellor makes his autumn statement this week.

Sterling lost some 11/2 cents to close at \$1.5210 in London, and continued to drop in New York, finishing at \$1.5105. The last time the pound was seen at this low level was on January 15, 1987.

Yesterday, sterling dropped 3% pfennigs against the D-Mark, ending at DM2.4150. The market continues to be moved by a strong belief that Germany will ease short-term

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Nov.9	Chase	Previous Close
E Spot	1.5100-1.5110 0.55-0.54pm 1.24-1.21pm 3.27-3.18pm	1.5285 1.5295 0.58 0.56pm 1.38 1.35pm 3.60 3.50pm
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*All SDR rates are for Wor.4 CURRENCY MOVEMENTS Nov 9 Bank of England todes: "Garracty Cuarges", "Sterling		
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THE DOLLAR slipped by more credit policy in the new year, than '4 prennig against the pushing the dollar upwards. The possible break-up of the Gatt talks is also being cited as a reason why the dollar may be boosted in the short-term. A full-scale trade war

between the US and Europe, if it is allowed to happen, would be detrimental to the entire world economy in the long run. But Mr Jeremy Hawkins, senior economic adviser at Bank of America in London, points out that the relative insulation of the US economy on matters of trade makes the Gatt crisis a positive factor for the dollar.

In the US economy, for example, only 10 per cent of Gross National Product is made up of imports and exports. In France's case, the figure is 20 to 25 per cent. Mr Hawkins further com-

mented: "If tariffs are levied against, say, the French wine industry, this could have a knock-on effect for the ecou-

For the moment the market is waiting on developments in Europe and the US. Indeed, the French franc yesterday was firmer against the D-Mark after the Bank of France decided not to cut its money market inter-

vention rate, contrary to mar-ket expectations. It finished at FFr3.3810 per D-Mark, after a previous close of FFr3.3820. Ms Joanne Perez, an economist at Banque Indosuez in Paris, said yesterday that the French authorities could probably afford to reduce rates again without risking any downside on the currency.

"A cut in rates would confirm that France is part of the hard core of the exchange rate mechanism, and would be interpreted as a show of strength." she said. However. she believes it is unlikely that the French authorities will cut rates to below the German level, in spite of public pres-

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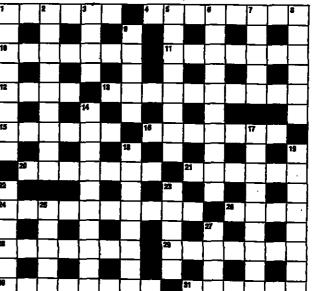
LIFFE LONG GILT FUTURES OFTENS ESO,000 640c of 199% LEFFE BUILD FUTURES OFTENS Strilar Price 9000 9050 9150 9250 9250 9250 9250 0-03 0-08 0-21 0-45 1-20 2-08 3-03 4-01 Strike Price 9275 9300 9325 9375 9400 9425 9450 Strike 9075 9100 9125 9150 9250 9250 9250 Calls 0 91 0.69 0.49 0.33 0.22 0.13 0.06 0e: 0.79 0.55 0.34 0.16 0.10 0.05 0.02 1.04 1.22 1.42 1.64 1.89 2.15 2.44 2.75 Mar 150 128 106 0.86 0.67 0.51 0.78 0.26 177 153 129 106 0.47 0.34 0.04 0.07 0.12 0.21 0.35 0.51 0.71 0.92 Fellmated volume total. Calls 497 Pots 757 Estimated volume total, Calls 1487 Pass 20 Previous day's cost int. Calls 18350 Pats 11800 CHICAGO JAPANESE YEN (DEN Y12.5m \$ per Y100 Mar 1,06 0,85 0,65 0.46 0.28 0.16 0.07 0.14 0.27 101-05 101-05 99-04 99-04 99-05 99-05 99-05 99-05 100-19 10 iesi velume ustali, Caliis 50 Puts 5 15 day's esen int. Calis 1445 Put DERTSCHE MARK (DAM BM125,000 S per PM LONDON (LIFFE) High Low 102-12 101-29 101-23 101-15 101-22 101-15 91,63 92,62 i volume 42310 (38525) day's open int., 154862 (151680) PHILADELPHIA SE 6/5 OPTIONS 631,250 (costs per 61) HAL TITALIAN GOVT. BOND (RTP) 94.06 94.38 94.50 94.77 High 93.75 94.33 94.07 93.83 93.58 **PARIS** Change -0.26 -0.28 -0.14 rest 273,165 7 Open Int 195,068 63,447 13,450 110,80 111,64 111,84 1 Yield 8.31 8.20 8.18 Est. Vol. (lac. figs. not physio) 33215 (27036) Previous day's open lat. 237998 (237170) 111 % 112 14 91,01 92,04 92,52 92,70 #0.05 #0.04 #0.04 #0.04 #0.04 90.94 91.96 92.47 92.65 9.05 8.05 7.54 7.37 CAC-40 FUTURES QUATTED Stade Index 1804.5 1818.5 1832.0 1858.5 1805.0 1818.5 1832.0 1854.0 ECU DOND (MATE) 91.64 92.14 92.38

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The COLF Charities Dept 2 Fore Street, Louise 2127 540 Describer 18,25 Logdon ECSR 800 071-236 1425 Money Market **Bank Accounts** THE CAR ME CO 3.45 4.68 95 4.19 5.70 Per Kleinwart Benson Lid Lignés Bank – Invests 071-601 6446 4.98 6.85 Mm 5.16 7.10 Mm mk of Wales HLCA 300 375 420 rows Shinter & Ca Ltd ali & Co Life 5 071-387600 6,005 8 22 Mid 6,19 8 49 Mid Western Trust High Interest Chapus Acc. The Moneycoure, Physicath PL1 15E, 6752 2241 -I-Yeart

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FT LONDON INTERBANK FIXING UK prices in cuts (11.00 a.u. Hor.9) 3 months US dollars 6 months US Dollars after 35

the sterling cash market priced a full percentage point cut in base rates into their cash market operations yesterday, writes James Blitz

MONEY MARKETS

However, futures contracts in sterling and other European currencies fell back on a mix-ture of profit-taking and slight disappointment that there had been no easing of official credit policy in the UK and France.

The Bank of France did not change the money market from Friday's 7½ per cent. One

intervention rate, currently standing at 9.35 per cent, in yesterday's securities repurchase operation.

The sterling cash market was again hit by the liquidity

UK clearing bank base lending rate 8 per cent from October 16, 1992 problem that affects the market when there is a high

expectation of interest rate The Bank of England forecast a shortage of £950m at the start of operations, but only £51m was removed in the early round. Traders were unwilling to offer bills in the run-up to what one commercial bank dealer called "the most publicised rate reduction in the history of mankind".

In the morning, the onemonth cash rate was trading show a rise in yields.

WITH ONLY three days to go to the British government's Autumn Statement, traders in explaining the market's reluctance to offer bills. The over-night rate peaked at 15 per

Once this level had been reached, dealers were happier to borrow cash from the Bank at established rates, and lend on the "overnight". This brought out more bills in the afternoon, although there was late assistance of £430m.

dealer did not rule out the possibility that three-month money could go below 7 per cent before Thursday.

The December short sterling contract, which expires on December 16, fell back 14 basis points from its opening level to close at 93.60.

This can still price in a 200 basis-point fall in base rates before the year's end, and the decline reflected slightly gloomier sentiment across the world rather than any creeping bearishness in UK markets.

One commercial bank dealer said the price adjustments were due to a rise in 3-month dollar cash rates to 8% per cent. compared to the Fed Funds rate of 3 per cent. Tighter US conditions preceded this week's big Treasury Bond issues, which are expected to

quoted to the market by fi Bank, Bank of Tokyo, De	ownersc means we reference ba pische Bank, I	nomen in the als: at 11.00 ; Sangue Hation	e mearest con-se Len. ench work of de Paris an	Roeman, or use log day. The ba d Morgan Gasa	olo and orrere nis are Natio anty Trast.	ej Aerinier Luse io 210
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Estigated volume 3932 (6373) Previous day's open lat, 44230 (44990) * Contracts trailed on APT. Closing prices si POUND - DOLLAR

FT FÜREIGH EXCHANGE BATES

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The FT proposes to publish this December 2 1992.

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FT SURVEYS

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Tempo separates Beethoven symphony from titiliating stuff (7) 29 Artemis arranged by musical virtuosi (7)

30 Uncover evil - tried originally to conceal it (8)
31 Good climbers use her in

DOWN

1 Adore putting bottom on chair meant for two (4.4)

2 Check crossing (5.4)

3 Pruse in good condition (4) 5 In Paris, the one who perfume (8)

1 Cricket side batting second needs to play smoothly (6)
4 Breathe hard after loud backchat becomes impertment (8)
10 Covering live broadcast in middle of Wigan (7)
11 Struggle for victory with air force unit watching (7)
12 Very sensible flavouring (4)
13 Commercial forest uses heavy equipment — so-called eastern type (10)
14 Failing to follow post-Christian recommendations (6)
15 Meat cooked in ovens (7)
20 Uneven in weight but hammered into shape (7)
21 Fasten on target the other way round (6)

12 Wery sensible flavouring (4)
13 Commercial forest uses heavy equipment — so-called eastern type (10)
14 Failing to follow post-Christian recommendations (6)
15 Meat cooked in ovens (7)
21 Fasten on target the other way round (6)

22 Climb up tail on donkey, so to speak (6)
23 Award for bravery held by toy soldier (5)

way round (6)

24 Timber used in footwear manufacture? (10)

26 Fix firmly: use English wood

(4)

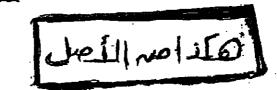
27 Awaru tor oravery near by toy soldier (5)

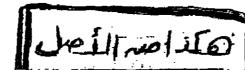
28 Starts to negotiate over agreements for recesses (5)

27 Work in harmony with Mark?

He's mad! (4) Solution to Puzzle No.7,998







FINANCIAL TIMES TUESDAY NOVEMBER 10 1992 **WORLD STOCK MARKETS** . 81 . 77 . 65 . 61.50 . 340 . 33 . 83 . 11 . 65 . 180 . 178 . 26.50 . 59 TORONTO 514 514 1714 1714 2814 27 1414 1414 490 490 1514 1814 16 16 16 16 175 177 2914 2912 1615 1914 312 312 8000 Denison A 700 Derken 268100 Donken Txt 8000 Denker loc 2000 Denter loc 2000 Du Pani A 49600 DunkerBrak \$5\frac{1}{2}\$ \$17\frac{1}{2}\$ \$27\frac{1}{2}\$ \$14\frac{1}{2}\$ \$495 \$15\frac{1}{2}\$ \$177 \$29\frac{1}{2}\$ \$19\frac{1}{2}\$ \$2\frac{1}{2}\$ \$2\frac{1}{2}\$ \$2\frac{1}{2}\$ \$2\frac{1}{2}\$ \$2\frac{1}{2}\$ C C F Cr Forc France Cred Lyon (CI) Gredit, Nationale Dantart Docks de France Dolfris Ming Cle EBF East Cle Geol Rolemant Pi Holemant Pi Horten IKB Deutsche ind Johnstrie Werke Kall & Salz Karstach Kall & Salz Karstach Kanthoo Kielo werke Lichnet Lisher Linder L +14 +14 +15 +15 Enst Cle Ged ELTA quiltaine Elf Aquiltaine Elf Aquiltaine Elf Sanoti Elf Sano SWITZERLAND 100 FPI Lad 1000 FishnetkVnr 900 Finning x 3500 Fix Nex A r 3500 Four Sesan 2500 Four Sesan 2500 FrancoNey \$25 \$25 \$25 57\(\frac{1}{2}\) 7\(\frac{1}{2}\) 6\(\frac{1}{2}\) \$12\(\frac{1}{2}\) 12\(\frac{1}{2}\) 10\(\frac{1}{2}\) \$10\(\frac{1}{2}\) 10\(\frac{1}{2}\) 22\(\frac{1}{2}\) \$24\(\frac{1}{2}\) 24\(\frac{1}{2}\) \$19 18\(\frac{1}{2}\) 29\(\frac{1}{2}\) 1949 1888 19₇ 40100 North Star 2 8200 North Ind A 1900 North Ind A 1900 North Ind 1900 North Ind 2000 North Ind 4000 North Inde 4000 North Inde 4000 North Inde 88-800 Nova Corp 19000 North Corp 19000 North Corp 19000 North Corp 7 7 7 \$17\\ 17\\ 17\\ 17\\ 1 470 465 485 170 165 165 \$14\\ 14\\ 2 14\\ 500 485 495 \$6\\ 2 5\\ 3 6\\ \$6\\ 2 5\\ 3 6\\ +14 -14 8½, 6½, 23½, 150 153 325 340 27½ 27½ 21½ 18½ 18½ 18½ 14% 14% 15½ 21½ 22 16½ 16½ 16½ \$8¹₆ 824 106 345 \$27¹₂ \$19¹₄ 8 514²₆ 480 \$16¹₂ \$22 \$16³₆ 900 HarriaSt A 98 201 Hawker Std 2714 5700 Hees Ind 5703 18500 Hees Gold 287 300 Hollinger 5717s 340-400 Home Of 572 2500 Horsham 570 300 Muskeyakis 553 11500 HudsonsBay 8267 6 6 21 4 21 4 9 4 21 4 9 4 11 2 11 2 11 2 15 2 15 2 25 25 3 \$4012 4015 \$4314 4615 \$2514 6515 \$614 651 \$2614 2412 \$2314 2212 \$280 270 771 974 32 17 16 300 15 13 4 96 23 182 296 \$26¹6 \$8¹6 \$18¹2 \$10²6 \$10²6 \$18²6 27% 7% 18% 10% 10% 16% 27% 7% 18% 10% 10% 18% 44444 + # 1545541454748 117454 Neversiber 9 Batica Holding Re; Bilables Cartislerg A 0,51912 A Danisco Der Danste Benk East Asiatic FLS Ind B Great Mondic LSS Intl Sev B Jysks Bank Res Jysks Bank Res Hony Mond A NKT A/S Nord B INDICES NEW YORK 9 6 5 4 HIGH 3240.87 3240.06 3243.84 3223.04 313.21 101.84 101.99 102.11 102.18 103.20 1387.36 1387.36 1380.31 1360.37 1487.86 216.20 217.51 216.76 217.89 225.59 371 LOW 3136.58 (9/10) 98.41 (20/3) 1204,40 (26/8) 200,74 (8/4) HIGH 3413.21 (16/92) 116.20 (18/9/92) 1532.01 (5/9/89) 236.23 (2/1/90) 1431.9 600.3 +1 -2.50 -3 -0.50 +0.20 +1.50 -1 +0.50 394.50 849 771.91 849 32.40 32.40 217.92 849 344.85 791.00 547.84 C266 +1.50 +5.50 +5 +5 +25 -17 -8 491.26 489.88 490.84 488.81 233.73 (14/9/92) 418.99 (12/2/92) 644.92 (12/2/92) 59 23 -1.10 9.25=1 +0.33 54.75 -0.25 9.15 -0.10 8.75 0.70=1 25.25=1 25.25=1 25.25=1 26.75=1 28.75=1 28.75=1 3.75=1 385.36 383.26 382.69 381.94 622,05 616.82 614.08 605.52 Seipem San Paolo ... Sirti Spa ... SMi Sola BPD ... STET ... 1964 - 14844464; 4844444 - 1964 3.20 -0,70 +3.60 +2.60 +2.60 +14 +18 +18 +180 +9.50 Nov 4 Oct 26 year ago (approx.) Oct 21 5+1-28 :511220 :41-3511 13.75 ... 65.50 -0.50 659.33 74.60 +0.40 77.60 +0.40 77 +0.30 136.90±+0.90 37.80 +0.10 25 -0.40 100.10 +0.40 10.20 -0.10 -0.50 -0.10 -0.25 -0.25 **NEW YORK ACTIVE STOCKS** TRADING ACTIVITY 772.74 00(5) Stor Tech Pacificorp Wait Disacy Merck AM T & T IBM Ges Notses Teleforms 4,777,200 2,520,100 2,297,500 2,290,700 2,217,400 2,211,800 2,128,200 1,787,100 - 84 - 5 + 4 - 19 + 19 + 5 + 5 197.490 204.870 219.580 13.455 12.765 14.312 w) 229.153 236.446 22% 18% 40% 42% 44% 57% 31 52% Bien York SE Amer NASDAQ

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Durlar Chile Ltda

Fax 924 - 1572 236 - 9747 (1) 256-6095 (2) 347007 325427 (34) 325248 321266 (12) 366887 390710 759589 (14) 758025 (52) 660-550 663985 (5) 207 - 8100 (7) 26 - 2886 (32) 565016 (21) 290 - 6747

(6) 59 - 5555

724.2 722.50 727.80

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208 - 3979 26 - 7512 290 - 6111 59 - 9491 (11) 579 - 6482 578 - 9754 (2) 632 - 3037 632 - 4965

FINANCIAL TIMES
LONDON FARIS FRANKFURT NEW YORK TOKTO

YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close November 9 Samound Force Cells

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16 | 47 | Jeckpool Eng | 26 | 734 | 26 |
16 | 47 | Jeckpool Eng | 26 | 734 | 26 |
17 | 7 | 25 | Jeckpool Eng | 26 | 734 | 26 |
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11 | 8 | Jep Obt | 6.79 | 2.3 | 20 | 81 |
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17 | 43 | 36 | 36 | 36 | 36 | 36 |
18 | 43 | 36 | 36 | 36 | 36 | 30 |
12 | 46 | Johnston | 3.2 | 3.0 | 3.5 |
12 | 47 | 48 | 3.5 | 3.5 |
12 | 48 | Johnston | 3.2 | 3.0 | 3.5 |
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12 | 48 | Johnston | 3.0 | 3.0 | 3.0 |
12 | 48 | Johnston | 3.0 | 3.0 | 3.0 |
12 | 48 | Johnston | 3.0 | 3.0 | 3.0 |
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NYSE COMPOSITE PRICES	NASDAQ NATIONAL MARKET 4 pm close November 9
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Heavy selling erases early Dow advance

Disney \$% to \$40% in turnover

of 1.9m shares and IBM \$1% to

Ford firmed \$% to \$39 as

speculation intensified that Mr

Alexander Trotman, head of

the group's North American

operations, would soon be announced as Ford's new presi-

dent and chief operating offi-cer, making him the clear suc-

cessor to outgoing chairman

and chief executive Mr Harold

to \$21% after third-quarter

profits of 20 cents a share, up

from 17 cents recorded a year

First Bank System shed \$%

to \$25% after signing a merger

agreement with Colorado

National Bankshares in a deal

that will cost First Bank about

\$525m. Colorado National

Storage Technology plum-meted \$8 % to \$23 % in turnover

of 3.9m shares after saying that

testing of its Iceberg Computer

Disk-Array system will take longer than expected, extending into the second half of 1993.

Biogen advanced \$21/4 to

\$44% after broking house Ham-

brecht & Quist raised its

fourth-quarter profits forecast.

shares valued at C\$311.8m. The

JOHANNESBURG was mixed

as the market waited for US

president-elect Bill Clinton to

set out his economic policy.

The gold index fell 30 to 783

and the overall index lost 13 to

3,020. The industrial index

golds index fell 2.53 per cent.

SOUTH AFRICA

jumped \$6% to \$38%.

Ann Taylor Stores rose \$1%

\$67% on 1.6m traded.

Wali Street

HEAVY selling in the final hour of trading left blue chip stocks little changed at the program buying and selective bargain hunting had provided share prices with a solid early boost, writes Patrick Harverson

in New York. The Dow Jones Industrial Average was just 0.81 up on balance at 3,240.87, after a day's high reached mid-afternoon when the index had been some 24 points ahead. Other indices did a better job of holding on to their gains. The Standard & Poor's 500 finished 1.01 higher at 418.59, the American SE composite 2.10 firmer at 385.36 and the Nasdaq composite 5.23 stronger at 622.05, in

SAO PAULO was showing a 5.4 per cent fall by late afternoon as investors remained bearish about a government tax reform proposal, which includes a controversial impost on financial transactions, presented to Congress last week. At 15.30 local time the Bovespa index was 2,325 lower at 40.718.

the wake of good demand for small-capital growth stocks. New York SE turnover was fairly heavy at 199m shares.

presidential election on stock market sentiment began to wane yesterday. Although trated on the likely make up of President-elect Bill Clinton's cabinet - especially the question of who is appointed to the top economic jobs - comments from the Clinton transition team suggest that choices will not be made or publicised until

next month. Consequently, investors were left to focus their attention on the bond market, which traded nervously ahead of the important afternoon auction of

Madrid market closed November 9

Individual stocks stand out in Paris and Milan

INDIVIDUAL stories helped Italian banks rise and French blue chips fall, while generalities produced a technical gain for German equities, writes Our Markets Staff. Madrid was closed for a public holiday. PARIS eased in thin trading

which was dominated by Total. the oil group which is suffering from a succession of bad news items. The CAC-40 index fell 6.97 to 1,786.65 in low turnover of FFr1.67bn, of which FFr210m was generated by Total.

Total, which last week disap pointed investors with news of a FFr600m worth of restructuring and asset writedowns and a restriction on shareholder voting rights, fell as low as FFr228.10 on news of an explosion at its refinery in southern France. The refinery accounts for about a quarter of its domestic annual refining capacity. The stock later recovered to close FFr3.60 lower at FFr235.90.

Bic, the manufacturer of disposable cigarette lighters. razors and pens, saw its shares fall to FFr865 on news that a US court had awarded \$22m against it in damages. But the shares later closed down FF711

THE ELIROPEAN SERIES Open 10.39 11.00 12.00 13.00 14.00 15.00 Close Hourty changes FT-SE Eurotrack 108 1039.46 1041.68 1042.82 1043.06 1044.38 1043.70 1042.86 1043.29 FT-SE Eurotrack 200 1108.42 11102.3 1110.85 1109.94 1110.84 1110.29 1109.22 1108.00 1038.93 1037.06 1038.76 1109.13 1105.49 Base value 1000 (25/10/30) Highiday: 109 - 1044.52 200 - 1111.55 Lendsky: 100 - 1039.48 200 - 1106.00

FT-SE Actuaries Share Indices

volume of 60,000 shares. LVMH lost another FFr19 to FFr3.560 on continued fears about the impact of a trade war between Europe and the IIS. There were also concerns that analysts' forecasts for 1993

were still too high. MILAN continued to focus on privatisation stocks, espe-cially state-controlled banks, following Friday's leak of a government document, and resterday's announcement by Iri that it would sell its entire 67 per cent stake in Credito through an international competitive auction.

Dealers said that the buying of bank stocks was predominantly domestic. The rest of the market was quietly easier

at FFr896 in reasonably heavy as the Comit index stood 0.18 down at 432.59 in turnover estimated at slightly more than L150bn after Friday's L161.7bn. Credito Italiano led the gainers, as it rose L220 or 10 per cent to L2,430, reaching L2,560

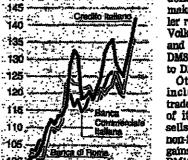
in the afternoon in London.

Banca di Roma added L120 or

6.6 per cent to L1,950 and Banca Commerciale Italiana gained L300 or L8.3 per cent to Despite denials from Fiat that it planned to sell off Rinascente, the retailer's savings shares were delayed from trading because buyers

outnumbered sellers. They finally settled at L3,140, up L140 or 4.7 per cent; Flat fell

FRANKFURT combined fact



Share prices rebased

with fantasy in a thin market as the dollar rose and dealers speculated about interest rates ahead of this week's Bundesbank meeting, causing export-oriented equities and the bond market to rise in tandem.

Oct 1992 Nov

Bond and stock futures rose, as the Bundesbank's average bond yield dropped 23 basis points to 7.25 per cent after rising 15 points last Friday. Shortcovering drove exporters and other dollar-sensitive stocks up as the DAX index rose 21.64 to 1,508.80

Turnover rose from DM3.7bn

to DM4.3bn. Among obvious dollar beneficiaries, in carmakers and engineering, Daim-ler rose DM14 to DM524.50 and Volkswagen DM9.50 to DM276, and MAN and Linde put on DM8.50 to DM256.50, and DM13 to DM672 respectively.

Other dollar-sensitives included Degussa, which trades precious metals in one of its sectors, and Metaligesellschaft which is active in non-ferrous metals, registering gains of DM18 to DM316, and DM12 to DM322.

STOCKHOLM gained 1.6 per cent on the firm dollar and expectations of positive ninemonth earnings reports. The Affärsvärlden General index rose 11.3 to 735.5 as turnover jumped to SKr511m from

Astra A shares rose SKr11 to SKr598 ahead of its results, due tomorrów. Market estimates for its nine-month pre-tax profit range from SKr3.4bn to SKr3.6bn after SKr2.58bn in the year-ago period. Electrolux B shares added

SKr6 to SKr177 ahead of its results, due on November 19. BRUSSELS closed mixed as Delhaize continued to domi-

lost just 0.87 to 1,133.60. The decline in Delhaize shares slowed after its heavy fall last week due to adverse publicity surrounding its US unit, Food Lion. It ended BFr16 lower at BFr1,470 and some

bargain-hunting was evident.
AMSTERDAM retreated from the day's high to close mixed. After a high of 104.1, the Tendency Index finished up 0.3 at

Unilever, ex-dividend, fell a transfer of F1 184.60 on net Fl 4.03 to Fl 184.60 on continued disappointment about its third-quarter results. The smaller food stock, Nutricia, gained F15.50 to F1119.00 on a report that Germany's Altana was interested in buying it. DUBLIN saw more fail-out from the troubles of GPA, the

aircraft leasing group, as the big domestic banks dropped and Irish Life - which fell 5.7 per cent last week on its exposure to GPA equity - lost another 8p to 140p.
The ISEQ overall index closed 15.67 lower at 1,108.90.

threatening a 1992 low of 1,094.88. Bank of Ireland fell 3p to 154p and Allied Irish Banks by 6p to 151p.

Nikkei falls 2.7 per cent on fears of delay in budget

Tokyo

the second such upgrade in the CONCERN OVER a possible delay in the approval of the supplementary budget added to the effect of a spate of negative interim reports, and the Nikkei average lost 2.7 per cent on arbitrage unwinding and A WEAK gold shares sector took the market lower in busy trading. The TSE 300 index lost small-lot profit-taking, writes 17.1 to 3,293.8, while declining Emiko Terazono in Tokyo. The Nikkei ended 452.76 issues led advances by 360 to 259 after volume of 33.2m

down at 16,417.05, near the day's low of 16,416.45 recorded just before the close. It opened at the day's high of 16,825.48 and was taken lower by indexlinked selling and foreigners' liquidation of holdings.

Volume dipped to 180m shares from 198m. Declines overwhelmed advances by 864 71, with 127 issues unchanged, while the Topix index of all first section stocks the ISE/Nikkei 50 index eased 2.63 to 999.47.

Worries that opposition parties will delay the debate over the supplementary budget, including the emergency eco-nomic package in the current extraordinary Diet session, depressed sentiment. The oppo-sition has been calling for testimony by Mr Shin Kanemaru, "godfather" of the LDP. and Mr Noboru Takeshita, a former prime minister, to explain the the party's links with Sagawa Kyubin, the parcel delivery company, as well as with gangsters and rightwing activists.

Public pension funds did not support the falling market. "Public funds are not in a rush. A lot of fund managers seem to be saving their firepower for March, the fiscal year-end," said Mr

Electronic issues were sold by investment trusts and tokkin funds, or specified money trusts. NEC and Fujitsu weakened Y8 and Y25 to year's lows of Y648 and Y510 respectively. Domestic fund managers said that while electronic stocks looked cheap, hopes of a recov-ery seemed thin due to slowing

Aids-related shares plunged with dealers and investors discouraged by last week's announcement by TSD, a computer company on the over-the counter market, that it had previously made false announcements over clinical tests of its HIV vaccine. Green Cross, the most active issue of the day, fell Y60 to Y1,290 and Meiji Milk Products shed Y36

Securities companies lost ground on prospects of poor

ing market volume. Traders said most brokers could have overestimated their annual profit forecasts, based on projected average daily volume for the second half of between 300m to 400m shares. The figure for October has only been 218m shares. Nomura Securities receded Y50 to Y1,320 and Daiwa Securities Y29 to Y781.

In Osaka, the OSE average slipped 369.99 to 17,927.94 in volume of 10.2m shares. Roundup TURNOVER put on a better

parts of the region, but South Korea starred in both depart-SEOUL registered its fifth consecutive gain in a record turnover, on buying by aggres-

sive individual investors. The

composite index rose 22.46, or

showing than share prices in

3.4 per cent, to 686.46 as 71.05m shares worth Won1.06 trillion changed hands, against a previous turnover record of Won972,87bn on July 30, 1991. SINGAPORE achieved record volume of 348.8m shares, against an earlier peak of 269.2m on March 6, 1991, but the Straits Times Industrial

index closed only 2.76 higher at

1,415.88. Dealers said investors were not showing much enthusiasm for Singaporean shares, and that Malaysian stocks were still receiving most of the KUALA LUMPUR fell as vol-

ume soared to a new high of 471.6m shares, against 371.8m on Friday. Losses in some major component stocks pushed the composite index down 5.87 to 648.93.

HONG KONG subsided after

its recent gains. The Hang

Seng index relinquished 47.10

at 6,267.91 in turnover of

BANGKOK dropped 2.1 per cent, led down by a substantia correction in the banking and finance and securities sectors. The SET index closed 19.72 off at 989.36 in Bt13.8bn turnover. MANILA stocks were depressed by the crime situa-

tion and prospects of prolonged power cuts. The composite index declined 5.02 to 1,345.68. AUSTRALIA was pushed down by continued uncertainty about Westpac, and a general lack of positive news. The All Ordinaries index closed 3.8

easier at 1,419.5.

BOMBAY fell a further 2.6 per cent on rumours that at least 12 Calcutta brokers were on the brink of a payment default Sentiment in Rombay was also hit by double-digit inflation and the BSE index lost 70.80 to 2,685.39.

Finland takes first prize for third week

-	*	cirange in lo	eel Christeniii lee	•		
					starting †	In US S 1
	1 Week	4 Weeks	1 Year	Start of 1992	Start of 1982	Start of 1992
Austria	-1,56	-0.07	-16.73	-11,13		-15.0
Belglum	-0,92	+2.89	-2.44	-2,56		-6.8
Denmark	+ 1,13	+ 1.56	-32.32	-28.73	-16.08	
Finland	+5.91	+30.40	-0.68	+7,52	+ 8.57	-10.8
France	+ 2.52	+6.91	-2.14	+ 1.18	+ 18.43	-2.7
Germany	-0,43	+3.17	-9.23	-8,19	+6.36	-12.6
reland	-1,76	-0.25	-22.45	-20.72	-8.10	-24.5
Italy	-2.51	+8.57	-11.61	-11,61	-9.29	-25.4
Netherlands	+0.96	+0.95	+ 1.23	+ 2,98	+ 19.45	-1.8
Norway	-2.18	+ 4.21	-29.93	-19.21	-9.26	-25.4
Spain	+ 0.46	+271	-22.26	-19.24	-16.54	-31.4
Sweden	+ 2,30	+9.15	-16.64	-7.33	+4.77	-13.9
Switzerland	+ 1.73	÷2.85	+ 11.00	+13.75	+31.07	÷ 7.6
JK	÷ 1,68	+6.68	+ 5.39	+8,29	+ 8.29	-11.0
EUROPE	+ 1.10	+5.28	-1.83	+ 0.72	+8.83	-10.6
Australia	-0.33	-3.29	-18,09	-16.48	-6.24	-22.9
Hong Kong	+1.08	+ 10.57	+ 48.54	+ 44.80	+77.32	+45.8
Japan	-0.03	-1.47	-30.60	-24.79	-7.02	-23.6
Malaysia	+4.82	+ 14.50	+ 27.47	+21.87	+60.39	+31.7
New Zealand	+3.33	+0.90	-17.37	-15.31	+1.07	-16.9
Singapore	+3.47	+8.44	-6.69	-9,54	÷9.23	-10.2
Canada	-0.72	+3.09	-8.34	-7.01	+4.56	-14,1
USA	-0.14	+3.72	+7.74	+0.51	+22.34	+0.5
Mexico	+ 1.14	+11.51	+ 13.18	+ 8.05	+ 28.32	+5.4
South Africa	-0.03	-2.80	-16.93	-15.79	-30.64	-43.0
YORLD INDEX	+ 0.26	+2.76	-7.85	-7.32	+9.27	-10.2

By Antonia Sharpe inland provided the best

performance of the FT-**Actuaries World Indices** for the third week running, while Malaysia came a close nd as it rose to a record high last week. But both markets appear vulnerable to a temporary setback as some investors take their profits.

Mr Peter Lawrence at Kleinwort Benson says Finnish eonities cannot continue to climb at their current pace. The HEX index has risen more than 50 per cent from its 51/2year low since early September, and on the FT-A, Finland advanced 5.9 per cent in local currency terms last week.

However, he believes that the factors which have propelled the market higher improved fundamentals, a rise in exports as a result of the markka devaluation, and good eight months' results - will allow the market to continue its recovery, albeit at a more sustainable pace. He adds that sentiment is still positive, and that the opening of restricted shares to foreigners at the start of next year should encourage more interest from

Malaysia, up 4.8 per cent in in the wake of a pleasing budget which predicted GDP growth of 8 per cent next year, ias seen a lot of specul buying, says Mr Michael Franklin, a director at Kim Eng Securities. Retail inves shares in the Magnum group, on hopes that it will receive approval from Beijing to run a lottery in China's southern Guangdong province.

Tenaga Nasional and Malaysia Telekom, which account for more than one-third of the market, but any downturn in the market could be limited to 10 per cent because of the weight of money waiting to be invested in Malaysian equities. South Africa's flat performance on the week in local corrency dispuises a fall of 6.8 per cent in dollar terms, as the financial rand continues to weaken on fears of another exodus by foreign companies.

There has been softness in

RAND MINES LIMITED

Extracts from the audited consolidated results of Rand Mines Limited and its subsidiaries for the year ended 30 September 1992

Continuing operations		1992 Rm	1991 Rm	Change %
Discontinued operations	Turnover		-	
1826.9 1775.8 +3 Profit before taxation 256.4 322.7 -23 Profit attributable to shareholders 176.0 250.3 -36 Extraordinary items attributable to ordinary shareholders not included above - net amounts written off and provided in respect of subsidiaries and investments (104.7) (735.1) Earnings per share (cents) 1180 1679 -36 Dividends per share (cents) 315 300 +8 Interim 100	 Continuing operations 	1 826.9		+15
Profit before taxation 256.4 322.7 -23 Profit attributable to shareholders 176.0 250.3 -30 Extraordinary items attributable to ordinary shareholders not included above – net amounts written off and provided in respect of subsidiaries and investments (104.7) (735.1) Earnings per share (cents) 1 180 1 679 -30 Dividends per share (cents) 315 300 +5 Interim 100 100 100 +6 Dividend cover (times) 3.7 5.6 5.6 DIVISIONAL CONTRIBUTIONS TO ATTRIBUTABLE EARNINGS Rm Rm Rm Coal 120.3 126.1 -5 Gold 0.5 2.7 -81 Property 10.9 11.8 -6 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	- Discontinued operations	· -	184.0	
Profit attributable to shareholders 176.0 250.3 -30		1 826.9	1 775.8	+3
Extraordinary items attributable to ordinary shareholders not included above – net amounts written off and provided in respect of subsidiaries and investments (104.7) (735.1) Earnings per share (cents) 1180 1679 –30 Dividends per share (cents) 315 300 +8 Interim 100 100 Final 215 200 +8 Dividend cover (times) 3.7 5.6 DIVISIONAL CONTRIBUTIONS TO ATTRIBUTABLE EARNINGS Rm Rm Coal 120.3 126.1 -5 Gold 0.5 2.7 -81 Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Profit before taxation	256.4	322.7	-21
ordinary shareholders not included above – net amounts written off and provided in respect of subsidiaries and investments (104.7) (735.1) Earnings per share (cents) 1 180 1 679 -30 Dividends per share (cents) 315 300 +8 Interim 100 100 +8 Dividend cover (times) 3.7 5.6 -8 DIVISIONAL CONTRIBUTIONS TO ATTRIBUTABLE EARNINGS Rm Rm Rm Rm Coal 120.3 126.1 -5 -5 -81 Gold 0.5 2.7 -81 -8 Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Profit attributable to shareholders	176.0	250.3	-30
Earnings per share (cents) 1 180 1 679 -30	above – net amounts written off and provided in respect of subsidiaries		(725.1)	
Dividends per share (cents) 315 300 +5				
Interim	• • • • •		1 679	-30
Final 215 200 +8 Dividend cover (times) 3.7 5.6 DIVISIONAL CONTRIBUTIONS TO ATTRIBUTABLE EARNINGS Rm Rm Rm Coal 120.3 126.1 -5 Gold 0.5 2.7 -81 Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Dividends per share (cents)	315	300	+5
Dividend cover (times) 3.7 5.6 DIVISIONAL CONTRIBUTIONS TO ATTRIBUTABLE EARNINGS Rm Rm Rem Rm Rm Gold 0.5 2.7 -81 Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Interim	100	100	
DIVISIONAL CONTRIBUTIONS TO ATTRIBUTABLE EARNINGS Rm Rm Rm	Final	215	200	+8
Rm Rm Rm	Dividend cover (times)	3.7	5.6	
Coal 120.3 126.1 -5 Gold 0.5 2.7 -81 Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	DIVISIONAL CONTRIBUTIONS TO A	TRIBUTABLE	EARNINGS	
Gold 0.5 2.7 -81 Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	·	Rm	Rm	
Property 10.9 11.8 -8 Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Coal	120.3	126.1	5
Management, financial services and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Gold	0.5	2.7	-81
and exploration 41.7 40.5 +3 Continuing operations 173.4 181.1 -4	Propert y	10.9	11.8	<u>-</u> 8
	Management, financial services and exploration	41.7	40.5	+3
Investment realisation 0.9 29.7 -97	Continuing operations	173.4	181.1	
	Investment realisation	0.9	29.7	-97

Earnings from continuing operations declined by 4%.

Discontinued operations

Non-recurring items

■ Increase of 8% in final dividend reflects flow-through of final dividends from coal and property subsidiaries.

1.7

176.0

 Restructuring of the Group should provide maximum focus, flexibility and enhanced shareholder value.

spublic of South Africa)

-95

-30

4.9

34.6

250.3

FT-ACTUARIES	WORLD	INDICES
		

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY NOVEMBER 9 1992								FRIDAY NOVEMBER 6 1992				2	DOLLAR ENDEX		
Figures in parentheses show number of lines of stock	US DoBar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen index	DM index	Local Currency Index	1992 Hilgio	1992 Low	Year ago (approx)
Australia (68)	114.78	-1.2	111,88	89.86	94,79	109.78	-0.4	4.44	116.19	112.07	90.37	96.29	110.27	153,68	113.59	160.29
Austria (19)		- 1.6	135.68	108.97	114.95	114.73	 1.6	2.46	141.47	136.46	110.04	117.24	118.61	186.70	139.19	170,72
Belgium (42)		+0.3	131.43	105,55	111.35	108.57	+0.2	5.67	134.41	129.65	104.54	111.38	108.39	152.27	134.41	133,31
Canada (114)		-1.4	112.55	90.39	95.36	105.39	-0.7	3.31	117.07	112,93	91.08	97.01	106.14	142.12	112.97	142.27
Denmark (33)		+ 1.7	182.54	148.61	154.66	154.48	+ 1.0	1.78	184.18	177.66	143.26	152.63	152.99	273.94	184.18	261.07
Finland (15)	69.40	-0.3	67.64	54.33	57.31	72.67	-0.2	1.94	69.59	67.12	54.13	57.67	72.80	89.80	52.84	88.54
France (100)	146,44	+0.1	142.74	114.64	120.93	123.30	-0.4	3.68	146.36	141.18	113.63	121.28	123.74	168.75	144.70	145.23
Germany (64)	104.23	+ 1.7	101.60	81.61	86.08	86.08	+1.3	2.67	102.51	98.88	79.75	84.95	84.95	129.69	102.51	111,92
Hong Kong (53)	254.66	-0.9	248.23	199.38	210.32	252.81	~0.9	3.56	256.90	247.81	199.82	212.91	255.05	261.48	176.36	174.78
Ireland (16)	125.16	-1.2	122.00	97.99	103.37	105.51	- 1.6	5.16	126.69	122.20	98.54	104.99	107.28	173.71	125,16	160,35
Italy (77)	56.33	+0.3	54.91	44.10	46.52	57.15	+0.0	3.63	56.18	54.19	43.69	46.55	57,16	80.86	47.47	69.65
Japan (472)	100.86	~28	98.32	78.96	83.31	78.96	-21	1,07	103,74	100.07	80.69	85.89	80.69	140.95	87.27	139.00
Malaysia (69)	282.42	+0.1	275.28	221.09	233.23	274,31	+0.3	2.39	282.21	272.22	219.50	233.86	273.54	282.42	212.49	211,14
Mexico (18)	1498.62	+22	1460.78	1173,23	1237.65		+2.4	1.17		1414.58	1140.67	1215.31			1185.84	1343,58
Netherland (25)	150,27	+0.3	146.48	117.65	124,11	122.57	-0.1	4.63	149.82	144.51	116.53	124.16	122.64	169.70	147.88	145.76
New Zealand (13)	38.67	-0.9	37.70	30.28	31.94	39.03	-0.2	5.81	39.01	97.63	30.34	32.33	39.10	48.52	37.39	49,42
Norway (22)	131.36	-1.4	128.04	102.84	108.49	114.87	- 1.8	2.11	133,27	128.55	103.66	110.45	116.95	192.95	131,36	184,78
Singapore (38)		-0.7	190.86	153.29	161.70	147.53	-0.6	2.23	197.12	190,14	153.32	163,35	148,36	229.63	179.65	213.93
South Africa (80)	140.13	1.2	138.59	109.70	115.72	145.12	-0.4	3.52	141.81	136.79	110.30	117.52	145.68	263.60	139.37	265, 18
Spain (48)	107.85	+0.6	105.13	84.44	89.07	92.53	+0.0	6.47	107,24	103,44	83,41	88.87	92.53	161.72	107.24	152.10
Sweden (31)	159.14	+2,1	155.12	124.59	131.43	140.12	+1.7	2.80	155.91	150.39	121.27	129.21	137.73	200,28	149,69	183.06
Switzerland (60)	108.64	+ 0.5	105.90	85.09	89.73	96.01	÷ 0.1	2.23	108.06	104.24	84.06	89.57	95.90	122,37	95.99	97,74
United Kingdom (228)	162.78	- 1.3	158.67	127.43	134,42	158.67	-0.2	4.63	164.87	159.03	128.23	136.62	159.03	200.07	182,76	181,44
USA (522)	171.13	+0.2	166.81	133.98	141,34	171.13	+0.2	297	170.74	164.69	132.81	141.50	170.74	173.39	160.92	159.90
Europe (780)	131.85	-0.1	128.52	103.23	109.90	118.39	+0.1	3.97	132.03	127.36	102.70	109,42	118,30	156.88	131.85	142,94
Nordic (101)	144.48	+ 1.6	140.84	113.12	119,33	120.02	+ 1.2	2.44	142.15	137,12	110.57	117.80	118.59	188.52	141.24	183.86
Pacific Basin (713)	108.34	-2.5	103.65	83,25	87.82	84.95	1.9	1.42	109.07	105.21	84.84	90.39	86.61	141.97	93.70	140.31
Euro - Pacific (1493)	116.66	- 1.4	113.72	91,32	96.34	98.36	-1.0	2.59	118.36	114.17	92.06	98.08	89.37	145.21	113.80	141.70
North America (636)	167.67	+0.2	163.44	131.28	138.50	166.66	+0.2	2.98	167.40	161.47	130.22	138.75	166.34	170.49	158.70	158.72
Europe Ex. UK (552)	113.02	+ 0.7	110.16	88.49	93.35	96.48	+0.3	3.50	112.24	108.27	87.32	93.04	96.18	132.98	112.24	120.06
Pacific Ex. Japan (241)	160.10	-0.8	156.05	125.36	132.23	146.76	-0.5	3.62	161,41	155,70	125.57	133.78	147.52	175,31	149.00	153.19
World Ex. US (1685)	117.71	-1.4	114.74	92,16	97.22	100.33	- 1.D	2.61	119.38	115.15	92.86	98.94	101.31	148.91	116.18	143.78
World Ex. UK (1979)	132.15	-0.6	128.81	103.46	109.15	118.48	-0.5	2.55	133.00	128.30	103.46	110.23	119.06	150.58	127.21	144.96
World Ex. So. Af. (2147)	134.89	-0.7	131.48	105.61	111.41	121.77	-0.5	2.76	135.85	131.04	105.67	112.59	122.34	153.05	130.04	147.36
World Ex. Japan (1735)	153.99	+0.0	150.10	120.56	127.19	147.16	+0.1	3.34	153.97	148.52	119.77	127.62	146.97	165.40	151.93	154.39
The World Index (2207)	134.81	-0.7	131.41	105.54	111.34	122.03	-0.5	2.76	135.77	130.97	105.61	112,53	122.60	153.70	130.66	148.14
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